INPUT

Atrium at Glenpointe, 400 Frank W. Burr Blvd., Teaneck, NJ 07666 Tel. (201) 801-0050
Fax (201) 801-0441

(P) YA2

January 13, 1993

Mr. Scott Morrison
Andersen Consulting
69 W. Washington St.
Chicago, IL 60602

**Via fax: 312-507-2548**

Dear Scott:

Attached is INPUT's revised proposal on Positioning Andersen Consulting in the Applications Management Market.

If you have any questions or comments, please call me.

Sincerely,

Thomas O'Flaherty
Vice President

A Revised Proposal for

# POSITIONING ANDERSEN CONSULTING IN THE APPLICATIONS MANAGEMENT MARKET

Submitted to:

**Andersen Consulting**

January 13, 1993

Submitted by:


**INPUT**

The Atrium at Glenpointe
400 Frank W. Burr Boulevard
Teaneck, New Jersey 07666
201-801-0050
Fax: 201-801-0441

# POSITIONING ANDERSEN CONSULTING
# IN THE APPLICATIONS MANAGEMENT MARKET

## I. BACKGROUND AND OBJECTIVES

Andersen Consulting is developing a positioning strategy for Applications Management services in the U.S. Applications Management is the provision of life cycle support for client applications, including specified levels of services and results. (This definition is essentially identical to the usage by INPUT in its Professional Services and Outsourcing Programs of syndicated research; see Appendix 1.)

Andersen needs answers to some fundamental questions affecting Applications Management in order to fully develop its strategy. Andersen issued an RFP on January 5, 1993 and has requested that INPUT propose a research approach to address these questions.

## II. SCOPE

[Note: This section is intended to include all of the issues raised in the Andersen RFP under "Research Objectives". In addition, INPUT has added or made explicit other issues, which in its opinion, are also important to understand; INPUT's additions should have no material impact on project time or expense. INPUT's additions are in italics. ]

The study should address the following issues:

- What is the size and expected growth of the Applications Management market *over the next five years?* How do these figures vary by type of application (new, legacy) and by platform (mainframe, mid-range and client/server)? *What are the overall forces driving -- or holding back -- this market?*

- What are the principal buyer values or requirements for using these types of services? *How do buyer values differ by buyer type, especially if the buyer is IS versus a functional department?*

- *What process is gone through -- and which units are involved -- to determine whether applications management or an alternative is to be explored? Are there vendor "short lists" and, if so, what are the criteria -- formal or informal -- for a vendor getting on them?* What is the decision-making process for awarding an Applications Management contract? How important are the different decision criteria, such as pricing versus. experience?

- Is the term "Applications Management" an appropriate one? *Do customers and prospects understand it? Is there a common understanding? Are there better or alternate terms?*

- Who are the major competitors? What is the market's awareness and perception of their capability, image, and credibility? How does Andersen compare (and differ)? How can Andersen leverage its standing in the market

- Are there significant differences in the above issues by industry (specifically products, financial services, state and local government, health care, telecommunications and utilities)?

## III. METHODOLOGY AND CONDUCT OF THE WORK

INPUT agrees with Andersen's breaking the work into qualitative and quantitative segments:

- Qualitative: Four focus groups and five face-to-face interviews with CEOs.
- Quantitative: 180 telephone interviews.

In addition, INPUT would propose that overall market sizing and motivation draw on the analysis of Applications Management from INPUT's Outsourcing Program. (See material in Appendix 2.) This data would be further expanded and modified for the needs of this study.

**Phase 1: Qualitative**

During this phase the issues in "Scope" (as well as others) will be thoroughly explored and understood. This will provide Andersen a good "feel" for marketplace needs and directions. It is unlikely that this phase will be sufficiently precise to develop numeric measures of size and direction.

INPUT suggests that the four focus groups be divided geographically (probably the New York City area and Los Angeles).

INPUT recommends that two of the focus groups be made up of IS executives and two be made up of function heads. (The overall totals for IS function heads will be approximately 50-50; Fortune 500-type firms will be recruited.)

- There will be more common ground to explore.
- More importantly, in many organizations the IS and functional executives are in conflict; in fact some of the opportunities and roadblocks involving Applications Management are because of these roadblocks. Because of this, INPUT believes that there will be a more open discussion if the "enemy" is not present.

INPUT recommends that Andersen's name not be associated with the research in either phase, in order to avoid respondent bias.

The focus groups will be videotaped and audiotaped. Audiotapes will not be transcribed.

INPUT will schedule seven face-to-face interviews. All of these will be conducted if their are no cancellations or rescheduling. INPUT recommends this safety margin when dealing with this level of executive. INPUT also believes that in some cases somewhat lower level executives may be substituted for the CEO on short notice; INPUT will review such substitutions with Anderson for approval. INPUT recommends that these interviews be accepted, given the very compressed timeframe of this study face-to-face. Interviews will be audiotaped, unless the respondent objects.

There will be a kick-off meeting in INPUT's office in Teaneck, NJ during the first week of the project. One of the purposes at that meeting will be to discuss the utility and feasibility of constructing one or more diagrams or charts to serve as interview aids during the qualitative and quantitative phases. Exhibit 1 is an analogous aid which was used to lead respondents through an otherwise very complex set of networking issues.

INPUT will prepare recruitment scripts and interview guides and Andersen will have an opportunity to review them.

INPUT will prepare a report which will be a summary of findings from the qualitative phase. In addition, the issue information from phase 1 will be used to design the questionnaire for phase 2.

INPUT will make a presentation of results to Andersen in Chicago.

**Phase 2: Quantitative Research**

Phase 2 will be a telephone survey of IS executives and function heads. This survey will have the following objectives:

To provide more structured information on decision-making and vendor assessments.

To provide quantitative data on selection criteria and vendor ratings.

To provide supplementary information to further adjust INPUT forecasts.

To provide industry breakouts.

INPUT recommends that 180 telephone interviews be conducted; this would allow for 30 interviews per industry, which would allow for conclusions to be drawn by industry.

- The interviews can be further segmented by company size within industry to provide a representative sample.
- Companies can also be classified by size groups across industries. A sample of 180 is not large enough to provide conclusions on company size within an industry (e.g., if an industry is divided into "large" and "medium" companies, a sample of 15 is not large enough for conclusions in most cases.)
- If it is important to understand size within industry issues, then the sample sizes should be increased to at least 25 companies per cell.

Interviews will be 20-30 minutes long.

INPUT will draft a questionnaire based on results from the qualitative phase. This will be reviewed with Andersen and tested.

Respondents identities will not be associated with specific answers (Andersen will be supplied with a list of companies interviewed and a distribution of titles). Andersen's sponsorship will not be revealed. As an incentive to take part in the study respondents will be supplied with a brief summary of the study's findings; this summary will not include sensitive material and will be reviewed with Andersen before release.

After the interviews have been completed, the results will be tabulated and a report prepared. A copy of the data diskette as well as copies of the actual completed questionnaires will be supplied to Andersen if requested, with respondent identifiers removed.

INPUT's report will contain data analysis, findings and recommendations. INPUT will also make a presentation of results to Andersen in Chicago.

In both phases, INPUT will report to Andersen daily on results of recruiting and interview distribution.

## IV. DELIVERABLES

In the course of this project Andersen will receive the following deliverables:

- Draft and final recruitment scripts for the focus groups and face-to-face interviews
- Draft and final focus group discussion guides
- Draft and final face-to-face discussion guides
- Audio and video tapes from focus groups (INPUT will keep copies also)
- Audio tapes from on-site interviews (assuming respondents approve)
- Preliminary and final reports from the qualitative phase
- Draft and final questionnaire
- Copies of the completed questionnaires, if desired (with identifiers removed)
- Data diskette with questionnaire data, if desired (with identifiers removed)
- Hard copy of questionnaire tabulations, if desired
- Preliminary and final reports for the quantitative phase
- Two presentations and related materials

## V. QUALIFICATIONS

INPUT is well-qualified to conduct this study. INPUT's qualifications fall into the following categories:

- INPUT's data and analysis on the Applications Management market.
- INPUT's prior work with Andersen.
- INPUT's experience in studies of this kind.
- The staff assigned to this project.

### A. INPUT's Data and Analysis on Applications Management

INPUT already provides extensive data on Applications Management and related services in its subscription programs covering Outsourcing, Systems Integration and Professional Services. Andersen is already a subscriber to these services. Appendix 2 summarizes these offerings.

The research and analysis which goes into these programs provides INPUT with an excellent foundation of knowledge which can be applied in this study for

- Developing focus group scripts and conducting the focus groups.
- Developing questionnaires, especially value lists.
- Assessing the competitive environment.
- Making recommendations

### B. Prior Work with Andersen

In the last six months INPUT has worked on (or is still working on) several studies for Andersen. Besides serving as references, this also provides INPUT with insight into Andersen's needs generally as well as particular issues, e.g., what Andersen defines as the "product" group.

Several years ago INPUT also worked on a study somewhat similar to this study. This work became part of Andersen's published report, "IS Management in the Year 2000". This research also called for high level interviews and subsequent analysis.

## C. INPUT's Experience in Projects of this Type

INPUT conducts about 100 custom research assignments a year, most of them involving primary research. INPUT has considerable experience in analyzing new and/or evolving markets and extracting useful conclusions for the client from the research process. Much of INPUT's research involves understanding the practices and motivations of key decision makers. Appendix 3 contains descriptions of several recent projects which involved interviewing key decision makers on changing markets.

INPUT's experience allows it to deal with a "fast track" project such as this.

## D. Project Staffing

The Project Director for this study will be Thomas O'Flaherty. Mr. O'Flaherty has directed recent projects for Andersen and will be a "hands on" project director. Mr. O'Flaherty will be able to draw on his experience in directing several hundred custom studies involving information services.

Other key members of the project team include:

- J.P. Richard, Vice President and Director of INPUT's Outsourcing Program. He will provide assistance in framing issues and preparing reports.
- John McGann, Principal Consultant. Mr. McGann has been the principal researcher on a variety of professional services reports and studies.
- Joanne Ponnwitz, Associate Consultant. Ms. Ponnwitz directs the research and analysis for many of INPUT's primary research projects.

They will be assisted by other INPUT staff as required. Their biographical summaries are attached in Appendix 4.

## VI. SCHEDULE

Andersen's desired schedule allows for almost no slippage or acts of God, such as snowstorms. INPUT believes that Andersen's needs would best be met by retaining February 22 as an internal date, but not promising the finished report until March 1. This would allow for slippage and probably produce a superior piece of analysis as well.

INPUT day-day-day schedule is shown below. In the qualitative phase especially, any slippage is unlikely to be made up.

| Date | Activity |
|---|---|
| Jan 18 | Contract award |
| Jan 19 | INPUT prepares focus group and face-to-face recruitment scripts; begins recruitment; sends scripts to Andersen for review |
| Jan 21 | Kick-off meeting with INPUT and Andersen staff in Chicago |
| | Recruitment scripts modified if required; draft focus group and face-to-face discussion guides sent to Andersen. |
| Feb 9-<br>Feb 11<br>(approx) | Focus groups held (New York and Los Angeles).<br>INPUT and Andersen will have an informal progress review |
| Jan 25-<br>Feb 12 | Face-to-face interviews conducted |
| Feb 11-<br>Feb 15 | Analysis of qualitative results |
| Feb 18 | Review of draft report for the qualitative phase with Andersen. (For purposes of time, INPUT prefers that this review takes place in INPUT's office in Teaneck, NJ.) |
| Feb 22 | Submission of final report for the qualitative phase. |
| | Submission of draft questionnaire to Andersen for review; begin testing questionnaire |
| | [Note: The questionnaire could be prepared a week earlier; however, this would interfere with the completion of the qualitative analysis and report preparation, for which there is little time slack.] |

| | |
|---|---|
| Feb 24-<br>Mar 12 | Telephone interviews conducted |
| Mar 5<br>(approx) | Progress review via conference call |
| Mar 10-<br>Mar 16 | Data cleansing, input and preliminary analysis. |
| Mar 17-<br>Mar 19 | Analysis and preparation of quantitative exhibits |
| Mar 24 | INPUT sends preliminary quantitative report to Andersen |
| Mar 26 | INPUT receives feedback from Andersen (via worksession or conference call) |
| Mar 31 | INPUT delivers final quantitative report |

## VII. FEES

INPUT's professional fee is broken into the following parts, per Andersen's request:

| | | |
|---|---|---|
| Qualitative Phase | $48,500 | |
| Out-of-pocket Expense | 15,000 | |
| Subtotal | | $63,500 |
| Quantitative Phase | $42,500 | |
| Out-of-pocket | 5,000 | |
| Subtotal | | $47,500 |
| **Grand Total** | | **$111,000** |

**Phase 1**

INPUT's professional fee for Phase 1 is $48,500.

One-half of INPUT's professional fee for the study ($24,250) is due and payable upon authorization of the study; the remainder at the time of the presentation of results.

Out-of-pocket expenses (telephone, production, and travel) are in addition to the professional fees and are not expected to exceed $15,000.

**Phase 2**

INPUT's professional fee for Phase 1 is $42,500.

One-half of INPUT's professional fee for the study ($21,250) is due and payable upon authorization of the study; the remainder at the time of the presentation of results.

Out-of-pocket expenses (telephone, production, and travel) are in addition to the professional fees and are not expected to exceed $5,000.

This proposal will remain valid for thirty days, unless extended in writing. Andersen Consulting can initiate the study by providing authorization in the blocks provided below.

## AUTHORIZATION

To authorize the project as specified, please sign and return one copy of this proposal, along with the initial fee. Upon acceptance by INPUT, a countersigned copy of the proposal will be returned to Andersen Consulting.

| AUTHORIZED BY: | ACCEPTED BY: |
|---|---|
| **Andersen Consulting** | **INPUT** |
| _____ | _____ |
| Name | Name |
| _____ | _____ |
| Title | Title |
| _____ | _____ |
| Date | Date |

INPUT

Atrium at Glenpointe, 400 Frank W. Burr Blvd., Teaneck, NJ 07666 Tel. (201) 801-0050
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January ~~8~~ 13, 1993

Mr. Scott Morrison
Andersen Consulting
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Chicago, IL 60602

**Via fax: 312-507-2548**

Dear Scott:

revised

Attached is INPUT's proposal on Positioning Andersen Consulting in the Applications Management Market. ~~The appendices are not being transmitted by fax as we discussed; they are being expressed along with a hard copy of the proposal for Monday delivery.~~

~~The qualitative section of the work is doable within the specified time parameters. As indicated in the proposal, I believe that you would be better served by keeping the February 22 as an internal target, perhaps with monetary incentives for making this date (or disincentives for missing it) but having, say, March 1 as the public date.~~

If you have any questions or comments, please call me.

Sincerely,

Thomas O'Flaherty
Vice President

Revised

INPUT

A Proposal for

# POSITIONING ANDERSEN CONSULTING IN THE APPLICATIONS MANAGEMENT MARKET

Submitted to:

**Andersen Consulting**

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January ~~8~~, 1993

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**INPUT**

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Several years ago INPUT also worked on a study somewhat similar to this study. This work became part of Andersen's published report, "IS Management in the Year 2000". This research also called for high level interviews and subsequent analysis.

## 6. Professional Services

This category includes four submodes: consulting, education and training, software development, and applications management. Exhibit 8 provides additional detail.

- *Consulting:* Services include management consulting (related to information systems), information systems re-engineering, information systems consulting, feasibility analysis and cost-effectiveness studies, and project management assistance. Services may be related to any aspect of the information system, including equipment, software, networks and systems operations.

- *Education and Training:* Services that provide training and education or the development of training materials related to information systems and services for the information systems professional and the user, including computer-aided instruction, computer-based education, and vendor instruction of user personnel in operations, design, programming, and documentation. Education and training provided by school systems are not included. General education and training products are included as a cross-industry market sector.

- *Software Development:* Services include user requirements definition, systems design, contract programming, documentation, and implementation of software performed on a custom basis. Conversion and maintenance services are also included.

☆ *Applications Management*: The vendor has full responsibility for maintaining and upgrading some or all of the application systems that a client uses to support business operations and may develop and implement new application systems for the client.

An applications management contract differs from traditional software development in the form of the client/vendor relationship. Under traditional software development services the relationship is project based. Under applications management it is time and function based.

These services may be provided in combination or separately from platform systems operations.

APPENDIX 2

APPENDIX 3

INPUT

## Transforming Internal Capabilities into a Worldwide Business

### The Client

A multi-billion dollar corporation

### Client Objectives

The client's telecommunications network is very large (tens of thousands of nodes) and supports external customers. The network will need extensive investment throughout the 1990s in order to remain technically and commercially competitive: should this investment be made?

The client needed to thoroughly understand market issues in order to decide if it should aggressively pursue external customers.

- What are market directions concerning the provision of basic circuits?
- What types of enhanced communications facilities are required
- Could the client become a player in providing communications services, such as electronic mail or EDI?
- Could the client profitably offer network-based services such as network management, interLAN services or vertical applications networks?
- Is the IS or telecomm department still the customer?
- How does the client compare against current and potential competitors?
- What are the differences in opportunities in the U.S., Europe and the Pacific Rim?

### INPUT's Role

INPUT worked with the client over a four month period.

- INPUT interviewed client management to identify capabilities, plans and business issues. Several critical problems and opportunities were identified.
- INPUT developed a unique one-page schematic of the company's alternate courses of action, which clarified its own direction and was an invaluable means of testing market reaction.
- INPUT developed a research program for interviewing decision makers in major corporations around the world.
- The research direction was modified several times as phased, preliminary findings were reviewed with the client.
- INPUT prepared a final report which summarized the study's process, findings and recommendations.

### Client Benefits

INPUT's study addressed all of the clients objectives. In the course of the study many of the client's original assumptions were modified or redirected. The client developed a new business plan which integrated its network capabilities with others capabilities. The client commented after the study's completion that their planning would have been much less productive without INPUT's unique market-driven analysis and recommendations.

INPUT

## CLIENT CASE STUDY

### Determining Functional Unit Systems Requirements

### The Client

A large technology company

### Client Objectives

The central information systems department of large technology company needed to develop a plan to reverse the erosion in its "market share" being lost to:

- Divisional information systems groups; and,
- External information service vendors, primarily outsourcing and systems integration firms.

### INPUT's Role

Over twelve months INPUT provided analysis and advice, including:

INPUT profiled a group of information services firms for the client -- both key competitors as well as those that were potential models. The profiles identified critical success factors and organizational characteristics, focusing on those that could be potentially transferred to the client's organization.

INPUT prepared the specifications for the first-ever analysis of all information services suppliers to the company. (The data collection and analysis was prepared by client staff.)

INPUT and client staff interviewed customer divisions to ascertain:

- How information technology helped the underlying business
- Applications requirements and plans
- Reasons for using/not using external resources
- An assessment of existing and potential suppliers

In the course of the study INPUT served as the only non-client member on a number of committees and task forces.

### Client Benefits

INPUT made recommendations on:

- Changes in organization structure and skills sets
- Strategic and tactical positioning to meet the challenges of external vendors
- Advice on specific divisional problems and opportunities.

The overall benefit to the client was understanding how effective information services firms operated and how some of these practices could be transferred. Many actions were begun to make this happen.

As a follow on, INPUT assisted one business unit in embedding many of the study's findings into its business plan and business practices.

## CLIENT CASE STUDY

### The Vendor Selection Process in a Major Vertical Industry

### The Client

An Industry Marketing Unit of a Major Supplier of Products and Services

### Client Objectives

This vendor had been quite successful in selling IT products and services into a particular vertical market. However, its growth rate had fallen and there was a perception that

- Both the nature and the location of the customer decision making process was changing.
- Senior user department executives were playing a major role in these changes.

The following major information needs were required to change their strategy:

- The relationship of the sales of products and services.
- The pull-through effects of strategic consulting
- The vendor selection process; award criteria
- Strengths and weaknesses of the client and its competitors

### INPUT's Role

INPUT worked with the client to develop an interview guide which was then used as the foundation for face-to-face interviews with senior executives. As a result of interim findings the scope of the study was changed appreciably. INPUT prepared a report on its findings which was circulated and used by management groups in the client organization.

### Client Benefits

The study addressed all of the client's objectives. The study delivered several value-added elements not in the original scope:

- The underlying systems planning process was more important than originally believed by the client.
- The client's image in this market had undergone a number of recent changes.
- Several sales and marketing "quick fixes" were identified.

APPENDIX 4

INPUT®

Atrium at Glenpointe, 400 Frank W. Burr Blvd., Teaneck, NJ 07666 (201) 801-0050
Fax (201) 801-0441

# FAX TRANSMITTAL FORM

Date: 1/13

To: Name: Scott Morrison

Tel./Location: 507 5666

Co.: Andersen

Fax No: 312-507 2548

From:

Subject: Revised Proposal

Confidential: Y / N
Urgent: Y / N

Page: 1 of 13

File: Chron
Contact
Other:

ADM 341/05 1/92

| | |
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| Mar 31 | INPUT delivers final quantitative report |

## VII. FEES

INPUT's professional fee is broken into the following parts, per Andersen's request:

| | | |
|---|---|---|
| Qualitative Phase | $48,500 | |
| Out-of-pocket Expense | 15,000 | |
| Subtotal | | $63,500 |
| Quantitative Phase | $42,500 | |
| Out-of-pocket | 5,000 | |
| Subtotal | | $47,500 |
| **Grand Total** | | **$111,000** |

**Phase 1**

INPUT's professional fee for Phase 1 is $48,500.

One-half of INPUT's professional fee for the study ($24,250) is due and payable upon authorization of the study; the remainder at the time of the presentation of results.

Out-of-pocket expenses (telephone, production, and travel) are in addition to the professional fees and are not expected to exceed $15,000.

**Phase 2**

INPUT's professional fee for Phase 1 is $42,500.

One-half of INPUT's professional fee for the study ($21,250) is due and payable upon authorization of the study; the remainder at the time of the presentation of results.

Out-of-pocket expenses (telephone, production, and travel) are in addition to the professional fees and are not expected to exceed $5,000.

This proposal will remain valid for thirty days, unless extended in writing. Andersen Consulting can initiate the study by providing authorization in the blocks provided below.

INPUT

## AUTHORIZATION

To authorize the project as specified, please sign and return one copy of this proposal, along with the initial fee. Upon acceptance by INPUT, a countersigned copy of the proposal will be returned to Andersen Consulting.

| AUTHORIZED BY: | ACCEPTED BY: |
|---|---|
| **Andersen Consulting** | **INPUT** |
| _____ | _____ |
| Name | Name |
| _____ | _____ |
| Title | Title |
| _____ | _____ |
| Date | Date |

Exhibit 1

## Network Based Services

| | | |
|---|---|---|
| 4 | Network Supplementation | Vertical solution networks<br>Network management<br>InterLAN services |
| 3 | Network-Based Applications (Examples) | Electronic Mail (within an enterprise)<br>Electronic Mail (between enterprises)<br>Employee Locator (on-line)<br>Electronic Data Interchange (EDI) |
| 2 | Enhanced Communications Services (Examples) | OSI · TCP/IP · DEC Net · SNA · Packet Switching · Frame Relay · Bulk Data Transfer · Video |
| 1b | Value-added bandwidth (examples) | • Expedited delivery<br>• Defined performance levels<br>• Quickly adjustable bandwidth<br>• Cross-border service |
| 1a | Pure bandwidth (e.g., tariffed circuits from carriers) | |

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7/92

APPENDIX !

## C. INPUT's Experience in Projects of this Type

INPUT conducts about 100 custom research assignments a year, most of them involving primary research. INPUT has considerable experience in analyzing new and/or evolving markets and extracting useful conclusions for the client from the research process. Much of INPUT's research involves understanding the practices and motivations of key decision makers. Appendix 3 contains descriptions of several recent projects which involved interviewing key decision makers on changing markets.

INPUT's experience allows it to deal with a "fast track" project such as this.

## D. Project Staffing

The Project Director for this study will be Thomas O'Flaherty. Mr. O'Flaherty has directed recent projects for Andersen and will be a "hands on" project director. Mr. O'Flaherty will be able to draw on his experience in directing several hundred custom studies involving information services.

Other key members of the project team include:

- J.P. Richard, Vice President and Director of INPUT's Outsourcing Program. He will provide assistance in framing issues and preparing reports.
- John McGann, Principal Consultant. Mr. McGann has been the principal researcher on a variety of professional services reports and studies.
- Joanne Ponnwitz, Associate Consultant. Ms. Ponnwitz directs the research and analysis for many of INPUT's primary research projects.

They will be assisted by other INPUT staff as required. Their biographical summaries are attached in Appendix 4.

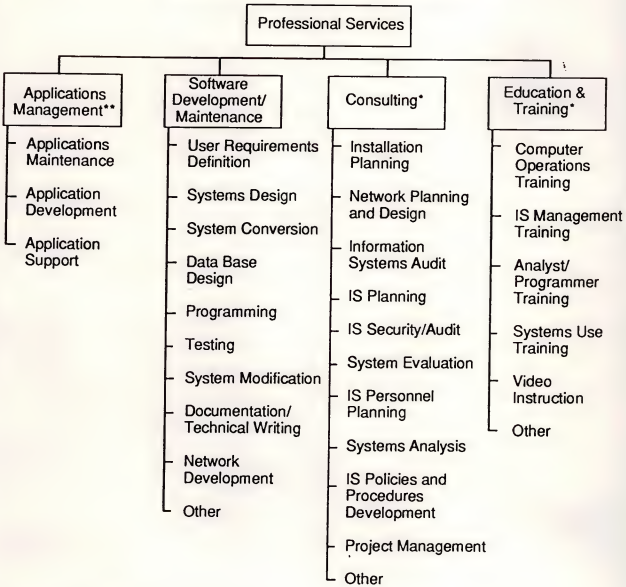
## VI. SCHEDULE

Andersen's desired schedule allows for almost no slippage or acts of God, such as snowstorms. INPUT believes that Andersen's needs would best be met by retaining February 22 as an internal date, but not promising the finished report until March 1. This would allow for slippage and probably produce a superior piece of analysis as well.

INPUT day-day-day schedule is shown below. In the qualitative phase especially, any slippage is unlikely to be made up.

| Date | Activity |
|---|---|
| Jan 18 | Contract award |
| Jan 19 | INPUT prepares focus group and face-to-face recruitment scripts; begins recruitment; sends scripts to Andersen for review |
| Jan 21 | Kick-off meeting with INPUT and Andersen staff in Chicago |
| | Recruitment scripts modified if required; draft focus group and face-to-face discussion guides sent to Andersen. |
| Feb 9-<br>Feb 11<br>(approx) | Focus groups held (New York and Los Angeles).<br>INPUT and Andersen will have an informal progress review |
| Jan 25-<br>Feb 12 | Face-to-face interviews conducted |
| Feb 11-<br>Feb 15 | Analysis of qualitative results |
| Feb 18 | Review of draft report for the qualitative phase with Andersen. (For purposes of time, INPUT prefers that this review takes place in INPUT's office in Teaneck, NJ.) |
| Feb 22 | Submission of final report for the qualitative phase. |
| | Submission of draft questionnaire to Andersen for review; begin testing questionnaire |
| | [Note: The questionnaire could be prepared a week earlier; however, this would interfere with the completion of the qualitative analysis and report preparation, for which there is little time slack.] |

## Professional Services Market Structure




*Related to computer systems, topics, or issues

**Vendor assumes full responsibility on contracted longer term basis

Presentation

# Application Management

## Exploratory Research:

## Qualitative Findings

April 7, 1993

INPUT

The Atrium at Glenpointe
400 Frank W. Burr Boulevard
Teaneck, New Jersey 07666

201-801-0050
Fax: 201-801-0441

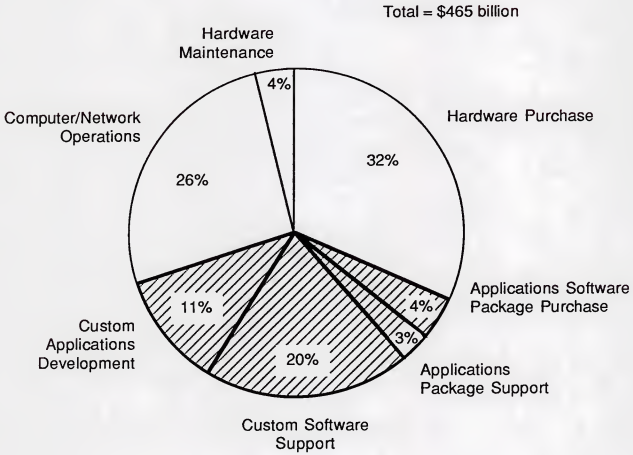
# APPLICATION MANAGEMENT PRESENTATION OUTLINE

- The Opportunity
- Study Objectives
- Study Methodology
- Application Management: What is it?
- Executive Involvement in Application Management
- Application Management Payoff
- Current Sources of Application Management
- Vendor Selection Criteria
- Vendor Recognition and Assessment
- Summary

# THE APPLICATION MANAGEMENT OPPORTUNITY

- Applications-related expenditures are large
- Vendor penetration varies significantly, and is especially low in software support
- IS budgets are flat
- Functional departments are assuming greater control over applications

## Selected U.S. IT Expenditures (1992)

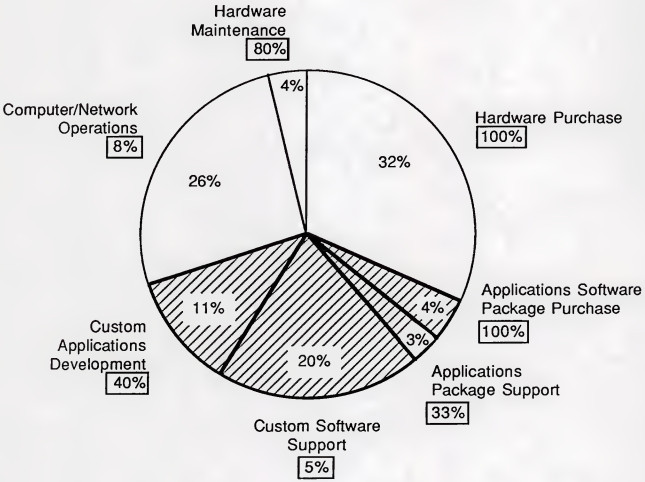



= Applications-related expenditure

Excludes: Non-application software, processing services, facilities and communications costs

YA2.2
3/93

## Selected U.S. IT Expenditures and Percent Held by Vendors




% = Percent of revenue held by by vendors

= Applications-related expenditure

Excludes: Non-application software, processing services, facilities and communications costs

YA2.3
3/93

## Selected U.S. Information Systems/Services Expenditures by Supplier (1992)

| | Expenditures by Supplier ($ Billion) | | | | |
|---|---|---|---|---|---|
| | In-House | Vendor | Total | | Vendor % |
| **Applications-Related** | | | | | |
| • Applications Packages | 0 | $20 | $20 | (4%) | [100%] |
| • Applications Package Support | 10 | 5 | 15 | (3%) | [30%] |
| • Applications Development Custom | 30 | 20 | 50 | (11%) | [40%] |
| • Custom Application Support | 85 | 5 | 90 | (20%) | [5%] |
| **Hardware Related** | | | | | |
| • Hardware Purchase | 0 | 150 | 150 | (32%) | [100%] |
| • Maintenance | 4 | 16 | 20 | (4%) | [80%] |
| • Operations | 110 | 10 | 120 | (26%) | [8%] |
| TOTAL | $239 | $226 | $465 | (100%) | [49%] |

INPUT

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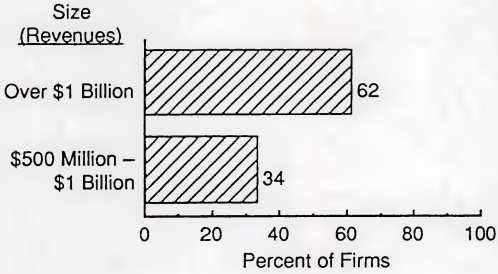
# USER DEPARTMENTS WITH MORE APPLICATIONS DECISION MAKING THAN IS




Source: Interviews with 67 IS departments

# STUDY OBJECTIVES

- Receptivity to service
- Receptivity to name ("Application Management")
- How is application management supplied now? Future?
- Vendor recognition
- Differences between functional management and IS management

# STUDY METHODOLOGY

- Focus groups
  - Functional executives (two groups)
  - IS executives (two groups)
- One-on-one interviews
- Structured topic guide (in synch with outline)
- Industry focus
  - Manufacturing
  - Financial services
  - Telecommunications
  - Retail/wholesale
  - Hospitals
- Generally, over $500 million in sales (or equivalent)
- Functional: Executive management and their direct reports
- IS: CIO or equivalent

# DIVISIONS BETWEEN APPLICATION MANAGEMENT AND OTHER PRODUCTS/SERVICES

| Application Management | Other Products/Services | |
|---|---|---|
| Packaged software maintained/enhanced in-house or by a third-party vendor | Acquiring packaged software | Packaged software maintained/enhanced by the software vendor |
| Custom software maintained/enhanced in-house or by a vendor | Producing custom software | |
| | Application-related training | |
| | Help desk | |
| | | Vendor-provided business or processing services (e.g., payroll, mortgage processing, credit card processing, EDI) |
| | | Vendor outsourcing of data center or network operations |

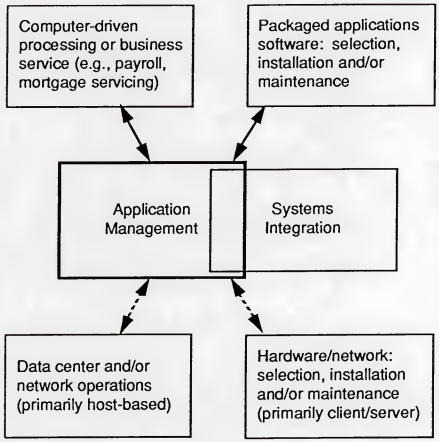
# APPLICATION MANAGEMENT: WHAT IS IT?

- Executives are receptive to the concept of Applications Management
  - Functional executives see Application Management as a type of outsourcing
  - IS executives are nominally open to the concept, but are actually quite defensive

# APPLICATION MANAGEMENT: WHAT IS IT? (Cont.)

- Generally, Application Management does <u>not</u> seem a naturally cohesive set of functions for both functional executives and IS executives.
  - Application Management is seen as overlapping or linked to other IS-oriented services and solutions

## Application Management Linkages



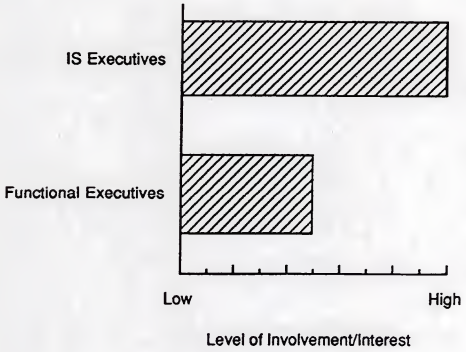
# APPLICATION MANAGEMENT: WHAT IS IT? (Cont.)

- Executives are not responsive to "Application Management" as a term.
  - "Application Management" summons up few images.
  - Executives have few alternatives to offer.

# INVOLVEMENT IN APPLICATION MANAGEMENT: FUNCTIONAL AND IS EXECUTIVES

- Functional executives: Episodic involvement
  - Generally low level of ongoing involvement
    - -- Delegate responsibilities inside department; and/or,
    - -- Share responsibilities with or rely on IS
  - Higher level of involvement if there is an immediate problem/opportunity and/or if the functional executive has an IS background or a strong interest in IS.
- IS executives' position is more straightforward: "It's my job".

# APPLICATIONS MANAGEMENT: LEVELS OF INVOLVEMENT/INTEREST



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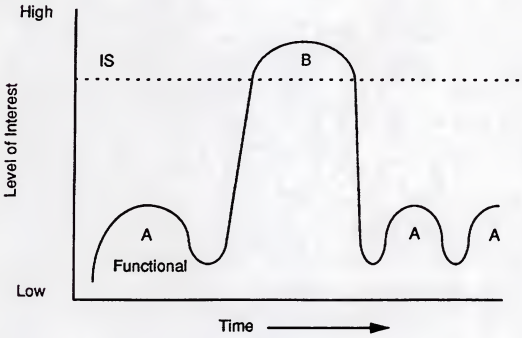


A = Change/problem in existing application
B = Application-related opportunity

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# APPLICATION MANAGEMENT PAYOFF

- For functional executives:
  - Keep business running
  - Secondarily, make significant improvements
- For IS executives: Keep jobs
- Order of magnitude improvement?
  - No immediate perception
  - Contrast to SI or computer systems outsourcing

# SOURCES OF APPLICATION MANAGEMENT

- IS as supplier is still the rule

- Executives provided few examples of "pure" application management
  - "Body shop" maintenance
  - Processing services
  - SI plus follow-on

- Both kinds of executives see vendors as credible suppliers of application management services.

# VENDOR SELECTION CRITERIA

- Critical elements (for both functional Executives and IS executives)
  - Industry/applications knowledge
  - Cost
  - Vendor stability
- Additional criteria from IS executives
  - Quality of people assigned to project
  - Technical expertise

# VENDOR RECOGNITION AND ASSESSMENT

- Unassisted recall
- Based on overall SI/professional services image
- Mainly direct experience; Some second-hand experience

# THREE TIERS OF RECOGNITION

| Level of Identification | Vendors |
|---|---|
| 1. Strong | Andersen, EDS |
| 2. Weaker, but widespread | IBM |
| 3. Blurred, fragmentary | Other Big 6 |
| | DEC |
| | CSC |
| | Specialists |

# APPLICATION MANAGEMENT STRENGTHS AND WEAKNESSES

| | Andersen | EDS | IBM |
|---|---|---|---|
| Strengths | · People<br>· Industry knowledge<br>· Ability to deliver | · Industry knowledge<br>· Ability to deliver | · Resources |
| Weaknesses | · Cost<br>· Youth | · Cost<br>· FM image | · Industry knowledge<br>· Inflexibility<br>· Mainframe/ hardware reputation<br>· Size/ responsiveness |

INPUT

YA2

# SUMMARY

- The application management opportunity is coming into focus.

- Andersen Consulting is well-positioned to be a supplier.

# SUMMARY Cont.

- Application Management is not clearly defined in buyers' minds.
  - Application management pieces are being performed, but usually not as an explicit whole.
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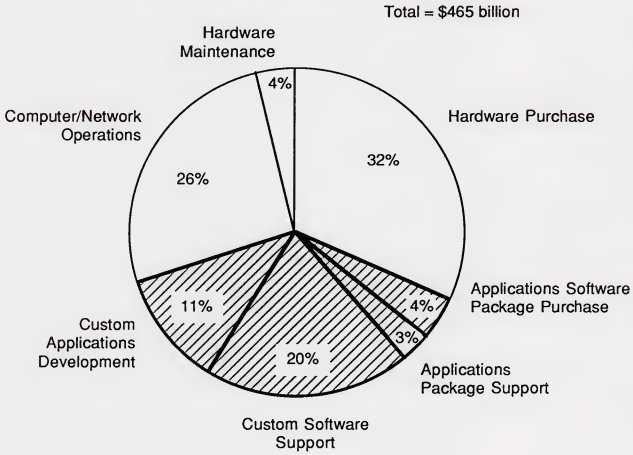


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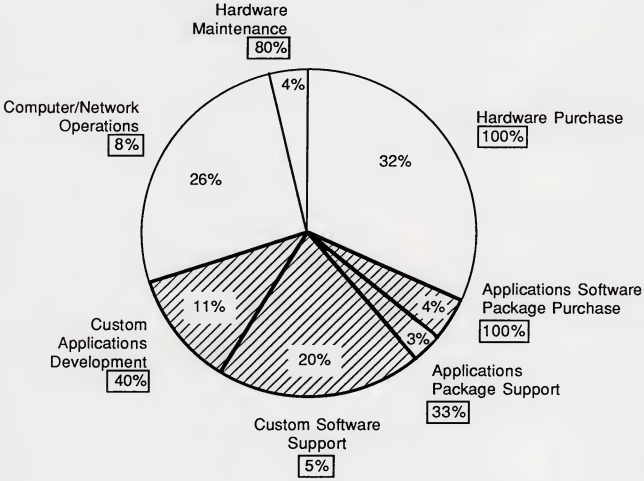


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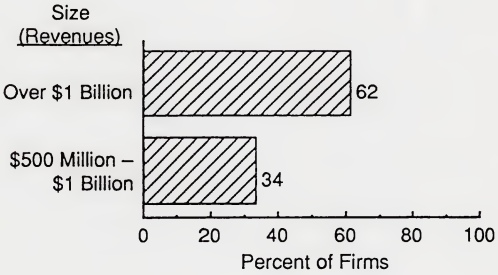


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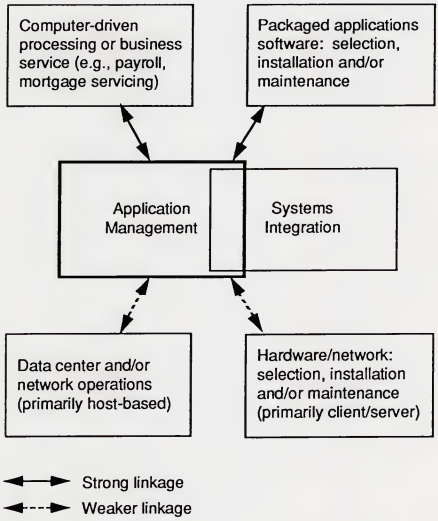

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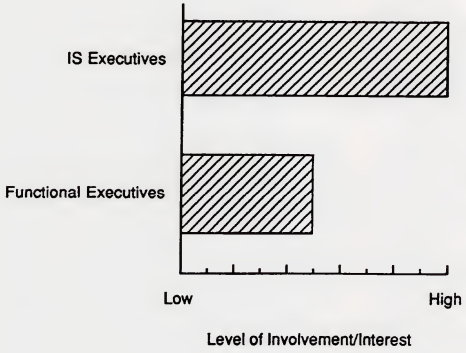

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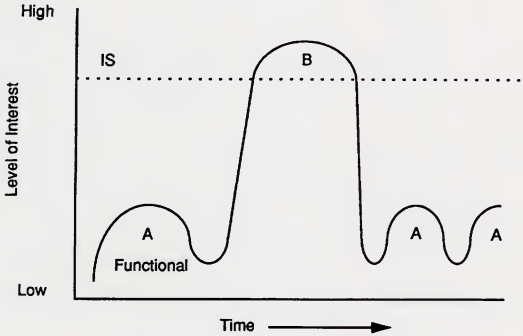


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| | | | · Mainframe/ hardware reputation |
| | | | · Size/ responsive-ness |

INPUT

YA2

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- Mid-level specifiers and gatekeepers in functional departments appear to be key to allowing vendors access to application management opportunities.
- IS is often well-placed to block vendors.

PRICE

| | |
|---|---|
| Professional fees for focus groups | $ 11,400 |
| Recruiting 2-3 people for face to face interviews | $ 20-30 |
| Consulting fee (per hour) | 100 |

All expenses incurred will be billed directly to and payable by INPUT to the providing vendors. These will include expenses such as facility charges and video taping and travel expenses. Honorariums will be paid by INPUT to the focus group facility one week prior to the scheduled focus group.

Estimated expenses:

| | |
|---|---|
| Facility and food | $ 2,400 |
| Honorarium (assumes maximum of 10 attendees at $150) | 6,000 |
| Video taping (two tapes per group) | 3,200 |

Lists of potential respondents will be provided by INPUT.

PAYMENT SCHEDULE

| | |
|---|---|
| Upon scheduling focus groups and receipt of sample recruiting guide and discussion guide | $ 4,000 |
| Upon completion of recruiting | 4,000 |
| Upon completion of focus groups | 3,400 |

APPROVED BY:

_____ _____

MARY BRAUTIGAM DATE
WESTFIELD MARKETING RESOURCES, INC.

_____

THOMAS O'FLAHERTY DATE
INPUT

Westfield
Marketing
Resources, Inc.

234 W. Dudley Avenue
Westfield, NJ 07090
Phone: (908) 654-0200
Fax: (908) 233-6137

AGREEMENT BETWEEN INPUT AND
WESTFIELD MARKETING RESOURCES, INC.
January 19, 1993

Anderson Consulting Focus Groups--Scope of Work

Westfield Marketing Resources will assist INPUT in conducting focus groups for Anderson Consulting. Two groups are currently planned to be held in New York and two in Los Angeles.

Westfield Marketing Resources will

- plan and arrange focus group facilities including food, audio taping and video taping
- provide a sample recruiting guide
- provide a sample discussion guide
- recruit between nine and twelve participants for each of four focus groups.
- recruit up to two to three people for face to face interviews ~~in~~ in New York in their own offices.
- fax and mail confirmation letters to the participants as recruited
- make confirmation telephone calls to the participants
- moderate the focus groups (assumes one person)
- meet and consult with INPUT management as requested on a per hour fee basis*

INPUT will:

- provide lists of names and telephone numbers of potential respondents by January 25th. WMR assumes the lists provided contain enough qualified attendees to recruit participants in each location.
- provide final recruiting guide by 1/25/93
- provide final discussion guide by 1/29/93

Westfield
Marketing
Resources, Inc.

234 W. Dudley Avenue
Westfield, NJ 07090
Phone: (908) 654-0200
Fax: (908) 233-6137

RECRUITING GUIDE Functional Managers

Group scheduled
City_____
Date_____
Time_____

Recruiter_____
Date_____

Name_____

Title_____

Company_____ Industry_____

Address_____

City, State, Zip_____

Telephone_____

FAX _____

Hello, my name is _____. I am calling to invite you to a focus group on _____ _____ (in New York, Tuesday, February 9th Business Managers Noon to 2pm - IS Managers 6pm to 8pm; in L.A. Thursday, February 11th Business Managers 8:30 - IS Managers 6pm). This is being sponsored by a major consulting company to discuss with a select group of senior executives the pros and cons of having an outside vendor do the management and support of computer applications. [This includes supporting, modifying and maintaining current software that helps you run your business; it does not include running a data center.] We are inviting you because of your position in your company. no.

I'd like to verify that your firm is in the NO industry. (Ask only if we don't know their industry or SIC code.) If not on the qualified list terminate.

1. Does your business unit have significant responsibility for selecting or deciding on the changes to computer applications that affect your unit?

   A. Yes _____

   B. No _____ Ask for the name, title and telephone number of the person or people who do have this responsibility. Thank person for their help and terminate.

2. Has your business unit been involved in hiring an outside vendor for the management and support of computer applications or does it have an interest in the concept?

A. Have done _____

B. Are doing it _____

C. Have considered it _____

D. Are considering it now _____

E. Have an interest in the concept _____

If yes to one of the above continue to question 3

If no to all of the above ask "Which business units or individuals in your company would be involved or interested?

Get names, titles and telephone numbers. Thank person for their help and terminate.

2. Has your business unit been involved in hiring an outside vendor for the management and support of computer applications or does it have an interest in the concept?

A. Have done _____

B. Are doing it _____

C. Have considered it _____

D. Are considering it now _____

E. Have an interest in the concept _ ___

If yes to one of the above continue to question 3

If no to all of the above ask "Which business units or individuals in your company would be involved or interested?

Get names, titles and telephone numbers. Thank person for their help and terminate.

## Application Management Research

## Focus Group Screener

Revised 01/29/93
Recruiter_____
Date_____

Group Scheduled:
City_____
Time_____
Date_____

Name _____

Title _____

Company _____

Address _____

City, State, Zip _____

Telephone _____

Fax _____

Hello, my name is _____. I am calling to invite you to a focus group sponsored by a major consulting group to discuss with a select group of senior executives the pros and cons of outsourcing the management and support of computer applications (This includes support, maintenance and/or enhancements of current application software that helps you run your business; it does not running the data center).

I'd like to verify that your firm is in the _____ industry. (From matrix sheet, if not on the qualified list terminate and thank respondent.)

1. Does your department/area have a significant responsibility for selecting or deciding on the changes to computer applications that affect your area?

   Yes ____ (Go to question 2)

   No ____ (Thank person for their help and terminate.)

2. Which of the following would best describe your role if your company were to consider hiring an outside vendor/consultant that offers services in application management.

| | | |
|---|---|---|
| I would sit on the committee to evaluate the selection. | _____ | (Go to question 3.) |
| I would decide myself. | _____ | (Go to question 3.) |
| I would make recommendations to others who would sit on an evaluation committee or to another who would make the decision himself. | _____ | (Go to question 3.) |
| I would not be involved in the decision. | _____ | (Thank person for their help and terminate.) |
| Don't know/refused | _____ | (Thank person for their help and terminate.) |

3. Have you ever been involved in this kind of outsourcing or, will possibly have an interest in it in the future?

**Yes...**

| | |
|---|---|
| Have done | _____ |
| Are doing now | _____ |
| Have considered it | _____ |
| Are considering it now | _____ |
| Have an interest in the concept | _____ |

**No** _____

(Thank person for their help and terminate.)

If Yes to one of the above, continue to question 4.

4. What is your exact title?

| | | | | | |
|---|---|---|---|---|---|
| Chairman/Ceo | ____ | Go to Question 7 | Executive VP of IS | ____ | Go to Question 7 |
| President/COO | ____ | Go to Question 5 | CIO | ____ | Go to Question 7 |
| Executive VP | ____ | Go to Question 5 | VP/Director of IS | ____ | Go to question 5. |
| VP (on matrix) | ____ | Go to Question 5 | | | |
| Other (_____) | ____ | Go to Question 5 | | | |

5. Are you the most senior person in your area/department?

Yes _____ (Go to question 7.)

No _____ (Ask: what is the name, title and telephone number of the most senior person in your area. Record information then them and terminate.)

_____

_____

6. What is the title of the person you report to?

_____

| | | |
|---|---|---|
| Chairman/CEO | _____ | Go to Question 7 |
| President/COO | _____ | Go to Question 7 |
| Executive/Sr VP | _____ | Go to Question 7 |
| Other (_____) | _____* | |

* (If title appears to be in same functional area, they are not the most senior person in their area. Find out the name and telephone number of that person, then thank the person and terminate. Otherwise go to question 7.)

_____

_____

7. What is the approximate size of your company in terms of revenues? (Ask in terms of assets for financial services companies and **# beds** for healthcare/hospitals.)

Revenues _____

Assets _____

# Beds _____

Check the target matrix for qualifying company sizes. If qualified go to question 8, If not qualified thank them and terminate.

8. Very good, we would greatly like you to attend this focus group. It will be held:

_____(See Attachment)

It will last about two hours and lunch/dinner will be served. You will be compensated for your time in the amount of $_____ (see attached guide).

Your attendance is very important to the success of this project and we are only inviting a select and limited number of people. We consider this a firm commitment on your part and will mail you a letter confirming your participation. (Record mailing address to send confirmation.)

_____

_____

_____

_____

If an emergency comes up and you must cancel, please notify us as soon as possible. We can be reached at _____.

Not available for the focus group _____

Thank them and ask them if they would consider a one-on-one interview at their own company location at their convenience in the near future.

Yes _____ If so, tell them we may be call them to set one up.

No _____ Thank them for their time and terminate.

Westfield
Marketing
Resources, Inc.

234 W. Dudley Avenue
Westfield, NJ 07090
Phone: (908) 654-0200
Fax: (908) 233-6137

Focus Group Discussion Guide

I. Introduction — 5 minutes

A. How focus groups work

1. Motives of sponsor--general
2. Discuss agenda - topics to be covered

B. Benefits to participants
C. Ground rules
D. Information to be discussed
E. Outline of major topics

II. Profile of participants — 5 minutes

A. Name, job, company
B. Describe job responsibilities in general terms

III. Current use of outside services — 20 minutes

A. What types of services do you buy outside your own company?

PROMPTS (* MEANS MOST IMPORTANT) Prompts are areas for the moderator to cover if they are not brought out in the discussion.

- ** List types of services client wants discussed
- **
- *
-
-

B. Why do you buy these services outside your organization?
PROMPTS
- Not available
- Difficult to get
- Other

C. From what type of company do you buy these services?
Why?
PROMPTS
-
-
-
-

D. What are the pros and cons of buying these services
from outside vendors?
PROMPTS

IV. Other services needs 20 minutes

A. What additional services would you like to buy
outside? Why?

PROMPTS
- ** List types of services client wants discussed
- **
- *
-
-
-

B. What kind of customer service do your outside service
providers give?

PROMPTS

C. How does the price you pay compare to the price charged
inside your corporation?

V. Specific Services 10 minutes

A. How are you now doing XXXX

B. If you don't buy XXXX outside your organization now, why not?

C. What would convince you to buy XXXX outside?

VI. Presentation of New Plans or new idea (NP) 10 minutes

OVERVIEW
SUBJECTS
FEATURES

A. Reaction to NP-Open ended question 10 minutes

1. What are the biggest benefits to you?
2. What are the biggest drawbacks?

B. What are the benefits of NP to: 10 minutes

1. Your division?
2. Your company?
3. Other companies?

C. How valuable are the following services? 10 minutes

RATE FROM 1 TO 5
- ** List types of services client wants discussed
- **
- *
-
-
-

D. What trends are there in the business and computing communities which might affect this type of service?

10 minutes

IF THESE ARE COVERED ALREADY, SKIP THIS SECTION

PROMPTS
Decreasing budgets
Increasing complexity
LIST OTHERS CLIENT WANTS DISCUSSED

VII. Wrap up and close

10 minutes

A. What is NP missing for you to be able to take advantage of it?

B. "What advice would you give these people?"

A1

# Application Management Research

## Focus Group Screener

Ok

Revised 01/29/93
Recruiter TA
Date

Group Scheduled:
City N.Y.
Time Noon
Date 2/9/93

Name Doug Wetmore
Title VP-Corporate Controller/Comptroller
Company International Flavors and Fragrances
Address 521 W. 57 St.
City, State, Zip NY NY
Telephone 212 765-7190
Fax 212 708-7130

Hello, my name is _____. I am calling to invite you to a focus group sponsored by a major consulting group to discuss with a select group of senior executives the pros and cons of outsourcing the management and support of computer applications (This includes support, maintenance and/or enhancements of current application software that helps you run your business; it does not running the data center).

I'd like to verify that your firm is in the Mfg. Flavors and fragrances SIC-2087 industry. (From matrix sheet, if not on the qualified list terminate and thank respondent.)

1. Does your department/area have a significant responsibility for selecting or deciding on the changes to computer applications that affect your area?

   Yes ✓ (Go to question 2)

   No ___ (Thank person for their help and terminate.)



4

A2

2. Which of the following would best describe your role if your company were to consider hiring an outside vendor/consultant that offers services in application management.

| | | |
|---|---|---|
| I would sit on the committee to evaluate the selection. | ✓ | (Go to question 3.) |
| I would decide myself. | | (Go to question 3.) |
| I would make recommendations to others who would sit on an evaluation committee or to another who would make the decision himself. | ✓ | (Go to question 3.) |
| I would not be involved in the decision. | | (Thank person for their help and terminate.) |
| Don't know/refused | | (Thank person for their help and terminate.) |

3. Have you ever been involved in this kind of outsourcing or, will possibly have an interest in it in the future?

Yes...

| | |
|---|---|
| Have done | |
| Are doing now | |
| Have considered it | |
| Are considering it now | ✓ |
| Have an interest in the concept | ✓ |
| No | |

(Thank person for their help and terminate.)

If Yes to one of the above, continue to question 4.

A3

4. What is your exact title?

| | | | | | |
|---|---|---|---|---|---|
| Chairman/Ceo | ___ | Go to Question 7 | Executive VP of IS | ___ | Go to Question 7 |
| President/COO | ___ | Go to Question 5 | CIO | ___ | Go to Question 7 |
| Executive VP | ___ | Go to Question 5 | VP/Director of IS | ___ | Go to question 5. |
| VP (on matrix) Corporate Controller | ✓ | Go to Question 5 | | | |
| Other (_____) | ___ | Go to Question 5 | | | |

5. Are you the most senior person in your area/department?

Yes ✓ (Go to question 7.)

No ___ (Ask: what is the name, title and telephone number of the most senior person in your area. Record information then them and terminate.)

Tom Hoppel

6. What is the title of the person you report to?

Sr. Vice President - Finance

| | | |
|---|---|---|
| Chairman/CEO | ___ | Go to Question 7 |
| President/COO | ___ | Go to Question 7 |
| Executive/Sr VP | ✓ | Go to Question 7 |
| Other (_____) | ___ * | |

* (If title appears to be in same functional area, they are not the most senior person in their area. Find out the name and telephone number of that person, then thank the person and terminate. Otherwise go to question 7.)

# Application Management Research

## Focus Group Screener

6pm

Revised 01/29/93
Recruiter PG
Date Wed 2/3

Group Scheduled:
City NY
Time 6PM
Date 2/9
(Centre-Sec)

Name Bruce Goodman
Title SVP-CIO
Company Metropolitan Life
Address 1 Madison NY NY
City, State, Zip NY NY 10010
Telephone 212 578-2793
Fax 212 578-2001

Hello, my name is _____. I am calling to invite you to a focus group sponsored by a major consulting group to discuss with a select group of senior executives the pros and cons of outsourcing the management and support of computer applications (This includes support, maintenance and/or enhancements of current application software that helps you run your business; it does not running the data center).

I'd like to verify that your firm is in the _____ industry. (From matrix sheet, if not on the qualified list terminate and thank respondent.)

1. Does your department/area have a significant responsibility for selecting or deciding on the changes to computer applications that affect your area?

   Yes ✓ (Go to question 2)

   No ___ (Thank person for their help and terminate.)

2. Which of the following would best describe your role if your company were to consider hiring an outside vendor/consultant that offers services in application management.

| | | |
|---|---|---|
| I would sit on the committee to evaluate the selection. | √ | (Go to question 3.) |
| I would decide myself. | | (Go to question 3.) |
| I would make recommendations to others who would sit on an evaluation committee or to another who would make the decision himself. | | (Go to question 3.) |
| I would not be involved in the decision. | | (Thank person for their help and terminate.) |
| Don't know/refused | | (Thank person for their help and terminate.) |

3. Have you ever been involved in this kind of outsourcing or, will possibly have an interest in it in the future?

| | |
|---|---|
| Yes... | |
| Have done | √ |
| Are doing now | |
| Have considered it | |
| Are considering it now | |
| Have an interest in the concept | |
| No | |

(Thank person for their help and terminate.)

If Yes to one of the above, continue to question 4.

4. What is your exact title?

| | | | | | |
|---|---|---|---|---|---|
| Chairman/Ceo | ___ | Go to Question 7 | Executive VP of IS | ___ | Go to Question 7 |
| President/COO | ___ | Go to Question 5 | SVP- CIO | ✓ | Go to Question 7 |
| Executive VP | ___ | Go to Question 5 | VP/Director of IS | ___ | Go to question 5. |
| VP (on matrix) | ___ | Go to Question 5 | | | |
| Other (_____) | ___ | Go to Question 5 | | | |

5. Are you the most senior person in your area/department?

Yes ✓ (Go to question 7.)

No ___ (Ask: what is the name, title and telephone number of the most senior person in your area. Record information then them and terminate.)

_____

_____

6. What is the title of the person you report to?

_____

| | | |
|---|---|---|
| Chairman/CEO | ___ | Go to Question 7 |
| President/COO | ___ | Go to Question 7 |
| Executive/Sr VP | ✓ | Go to Question 7 |
| Other (_____) | ___ * | |

* (If title appears to be in same functional area, they are not the most senior person in their area. Find out the name and telephone number of that person, then thank the person and terminate. Otherwise go to question 7.)

_____

_____

**ADEPT**
CONSUMER
TESTING

17323 VENTURA BLVD., SUITE 308
ENCINO, CA 91316
(818) 905-1525

# INVOICE

NO. 93BH1005

DATE: JANUARY 29 1993

JOB REF:

☒ BEVERLY HILLS
☐ ENCINO

Ponnwitz

ATTN; JOANNE ~~PONDWITZ~~
ATRIVM AT GLEN POINT
400 FRANK W BURR BLV.
TEANECK, NEW ,JERSEY 07666

| DESCRIPTION | AMOUNT | TOTAL |
|---|---|---|
| RE: WESTFIELD ROOM RENTAL ON FEB. 11 1993 | | |
| GROUP 1 10 @ | 150.00 | $1500.00 |
| GROUP 2 10 @ | 150.00 | $1500.00 |
| TOTAL | | $3000.00 |

PLEASE REMIT UPON RECEIPT OR ON DATE OF GROUP

YNANZ
part of Westfield
marketing
Exhibit A
2/2/93

NEW YORK
FOCUS
12 EAST 41ST STREET • NEW YORK NEW YORK • 10017 • (212) 481-3780

TO: JOANNE PONNWOTZ
FROM: NANCY OPOCZYNSKI
RE: INCENTIVE

DATE:JANUARY 22, 1993

---

JOB #08/157

INCENTIVES TO BE ADVANCED FOR
TWO GROUPS (2)
FEBRUARY 9, 1993

24 RESPONDENTS AT $150.00=3600.00

4N AND
part of Westfield Marketing
Exhibit A.
1/27/93
JPonnwotz

MHC WEST

2/12/93

FAX: TO J. Pennwitz

FROM: SUSAN MENDER, EXEC. VP

FAX: #201 801 ~~0041~~ 0441

AS PER WESTFIELD MARKETING RESEARCH THE FOLLOWING IS AN INVOICE FOR THE ADVANCE FOR RESPONDENT INCENTIVE FEES FOR YOUR UPCOMING GROUPS ON 2/18/93.

I N V O I C E

24 respondents at $150.00.....$3600.00

TOTAL DUE.....$3600.00

YOUR PROJECT # Y NAN-2

OUR PROJECT #754

MURRAY HILL CENTER WEST, INC.

2951 28th Street, Suite 3070, Santa Monica, CA 90405 (213) 392-7337, Fax: (213) 392-8743

Westfield
Marketing
Resources, Inc.

234 W. Dudley Avenue
Westfield, NJ 07090
Phone: (908) 654-0200
Fax: (908) 654-0290

# FAX TRANSMITTAL

TO: Joan

FAX: 201 801 0441

FROM: Barry Brandman

DATE: 3/17/93

NUMBER OF PAGES (INCLUDING COVER PAGE): 3

IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL 908-654-0200.

MESSAGE:

As you requested.

Westfield
Marketing
Resources, Inc.

234 W. Dudley Avenue
Westfield, NJ 07090
Phone: (908) 654-0200
Fax: (908) 654-0290

# INVOICE

March 17, 1993

Mr. Thomas O'Flaherty
Vice President
INPUT
Atrium at Greenpointe
400 Frank W. Burr Blvd.
Teaneck, NJ 07666

---

Invoice Number 2067

Focus Groups for Andersen Consulting (YNAN2) - Chicago

| | |
|---|---|
| Recruiting / Arranging facliities and taping | $ 2,000 |
| Obtaining list of potential attendees for Chicago | 500 |
| Total | $ 2,500 |

Westfield
Marketing
Resources, Inc.

234 W. Dudley Avenue
Westfield, NJ 07090
Phone: (908) 654-0200
Fax: (908) 654-0290

# INVOICE

March 2, 1993

Mr. Thomas O'Flaherty
Vice President
INPUT
Atrium at Greenpointe
400 Frank W. Burr Blvd.
Teaneck, NJ 07666

Rest 2/2

Pd 3/16

---

Invoice Number 2063

Focus Groups for Andersen Consulting (YNAN2)

| | |
|---|---|
| Researching and acquiring lists of potential attendees | $ 300 |
| Incremental cost of rescheduling two groups | |
| Additional recruiting for participants who could not reschedule<br>Researching and scheduling new facility, food and filming | $ 600 |
| Obtaining names for individual interviews (19) | $ 190 |

For professional services rendered Total $1090

# MURRAY HILL CENTER WEST, INC.

2951 28th Street, Santa Monica, CA 90405
(213) 392-7337, Fax: (213) 392-8743

Input
400 Frankburr Blvd
Teaneck, New Jersey 07666

February 25, 1993

Attn: J. Pennwitz

| | |
|---|---|
| Use of facility for 2 focus groups: | |
| 2/18/93 at 5:30 & 8:00 PM | $ 650.00 |
| Supper for 8 respondents and 4 viewers | 168.00 |
| $150.00 incentive paid to 15 respondents | 2,250.00 |
| *Video taping 2 groups (see below) | 1,270.00 |
| 6 1/2" VHS | 60.00 |
| 45 minute video overtime tech plus 3/4" tape | 90.00 |
| Fed Express packages - 1 carton 1 box | 138.75 |
| TOTAL | $4,626.75 |
| TOTAL DUE | $4,626.75 |

PROJECT #754

*3/4" video w/time code & tech
1/2" simultaneous
1/2" stationary video w/2nd camera

Westfield mkting
3/3/93
1/2

SUPPLEMENTAL INVOICES WILL FOLLOW FOR ANY ADDITIONAL CHARGES
PAYMENT DUE UPON RECEIPT OF INVOICE
A MONTHLY SERVICE CHARGE OF 1.5 PCT. WILL BE ASSESSED ON
PAST DUE ACCOUNTS
PLEASE RETURN BLUE COPY WITH PAYMENT

INVOICE W. 1763

ORIGINAL INVOICE

INPUT®

Atrium at Glenpointe, 400 Frank W. Burr Blvd., Teaneck, NJ 07666 (201) 801-0050
Fax (201) 801-0441

# FAX TRANSMITTAL FORM

Date:

To: Name: Jessi

Tel./Location:

Co.:

Fax No:

From:

Subject:

Confidential: Y / N
Urgent: Y / N

Page: 1 of 2

File: Chron
Contact
Other:

please pay off of this one
original to follow

MHC WEST

2/12/93

FAX: TO ~~J. Pennwitz~~ JO ANNE

FROM: SUSAN MENDER, EXEC. VP

FAX: #201 801 ~~8041~~ 0441

AS PER WESTFIELD MARKETING RESEARCH THE FOLLOWING IS AN INVOICE FOR THE ADVANCE FOR RESPONDENT INCENTIVE FEES FOR YOUR UPCOMING GROUPS ON 2/18/93.

INVOICE

24 respondents at $150.00.....$3600.00

TOTAL DUE.....$3600.00

YOUR PROJECT # Y NAN-2

OUR PROJECT #754

2/25/93

15 INCENTIVES PAID AT $150.00

AMOUNT DUE $2250.00

Call Thur 2/25 AM

PLEASE REMIT ASAP.

THANK YOU-
SUE MENDER

MURRAY HILL CENTER WEST, INC.
2951 28th Street, Suite 3070, Santa Monica, CA 90405 (213) 392-7337, Fax: (213) 392-8743

MHC WEST

To: Joanne Ancelitz
FYI
Jan

FAX COVER SHEET

TO: NAME OF COMPANY: WESTFIELD MKTG RESEARCH

ATTENTION: MARY BRANTIGAN

FAX #: 908 654 0290

DEPARTMENT:

DOCUMENT(S):

TOTAL # OF PAGES (INCLUDING COVER PAGE) 1

COMMENTS:

COSTS FOR VIDEO, UPCOMING GROUPS 2/18/93 (30+8AM)

| | |
|---|---|
| 1/2" STAT. VIDEO | 250 - |
| 1/2" TAPES | 20 - |
| 3/4" VIDEO w/ TECH + TIME CODE | 750 - |
| 1/2" SIMULTANEOUS VIDEO | 170 - |
| TOTAL | 1190 |

If there is anything else needed, please call.

Looking forward to working with you.

FROM: Susan J. Meadow DATE: 2/12/93 TIME: 9:05 AM

CALL IF TRANSMISSION IS INCOMPLETE 310-392-7337

MURRAY HILL CENTER WEST, INC.
2951 28th Street, Suite 3070, Santa Monica, CA 90405 (310) 392-7337, Fax: (310) 392-8743

**NEW YORK FOCUS**

12 EAST 41ST STREET • NEW YORK NEW YORK • 10017 • (212) 481-3780

TO: Joanne Ponnwotz
Input
Atrium At Glennpointe
400 Frank Burr BLVD.
Teaneck, NJ. 07666

DATE: February 19, 1993

INVOICE # No. 6340

---

Job #08/157

Rental
February 9, 1993
Two Groups (2)

| | |
|---|---|
| Rental: | $ 750.00 |
| Incentive: | 2250.00 |
| Client Refreshments; | 205.00 |
| Respondent Refreshments: | 275.00 |
| Video-Taping: | 1550.00 |
| Total; | $5030.00 |

Due for payment upon receipt.

Westfield
Marketing
Resources, Inc.

234 W. Dudley Avenue
Westfield, NJ 07090
Phone: (908) 654-0200
Fax: (908) 654-0290

INVOICE

February 19, 1993

Mr. Thomas O'Flaherty
Vice President
INPUT
Atrium at Greenpointe
400 Frank W. Burr Blvd.
Teaneck, NJ 07666

---

INVOICE NUMBER 2062

Anderson Consulting Focus Groups -YNAN2

Second payment - completion of two focus groups
Los Angeles, CA February 18, 1993

For professional services rendered $5,700

ok
Feb 24 93

| INPUT | Westfield | Andersen Invoice |
| --- | --- | --- |
| "Fee" | (Time) | $48,500 |

Not a pass through

- Their 2 professional fee invoices
- Dialog costs
- What is fee for Chicago recruiting? 2,000.

---

| | | | | |
| --- | --- | --- | --- | --- |
| Expenses | TOP travel to LA Other? | • Their travel (mainly Alan to LA)<br>• Honoraria<br>• Focus group facility expenses (NY & LA)<br>  • Room<br>  • Food<br>  • Camera operator<br>  • Other? | [Shouldn't be much over $15,000] | Should be itemized |

```
****************************
***   ACTIVITY REPORT   ***
****************************
```

TRANSMISSION OK

| | |
|---|---|
| TX/RX NO. | 0757 |
| CONNECTION TEL | 1 415 961 3966 |
| CONNECTION ID | MT VIEW |
| START TIME | 01/08 09:51 |
| USAGE TIME | 01'04 |
| PAGES | 2 |
| RESULT | OK |

INPUT®

Atrium at Glenpointe, 400 Frank W. Burr Blvd., Teaneck, NJ 07666 (201) 801-0050
Fax (201) 801-0441

**FAX TRANSMITTAL FORM**

Date: 3/12

Confidential: Y / N
Urgent: (Y) N

To: Name: Renee

Tel./Location:

Co.:

Page: 1 of 3

Fax No:

File: Chron
Contact
Other:

From: TR

Subject: YA2 Expense

I'm faxing this because we're getting ready to submit an invoice (Joanne P will work w/ you)

INPUT®

# EXPENSE REPORT

EMPLOYEE NAME: O'Flaherty EE. # 100 WEEK ENDING 2/14/93

| TRAVEL INFORMATION | SAT | SUN | MON | TUES | WED | THURS | FRI | TOTAL |
|---|---|---|---|---|---|---|---|---|
| COMPANY(IES) VISITED | | | | | | | | |
| PERSONAL CAR USE: FROM | | | | | | | | |
| TO | | | | | | | | |
| MILES | | | | | | | | |
| RATE PER MILE | | | | | | | | |
| AIR TRAVEL: FROM | | | | | | | | |
| INTERMEDIATE STOP | | | | | | | | |
| INTERMEDIATE STOP | | | | | | | | |
| TO | | | | | | | | |
| TRAVEL EXPENSES: | | | | | | | | |
| MILEAGE | | | | | | | | |
| PARKING/TOLLS | | | | | | | | |
| AIR TRAVEL | | | | | | | | |
| RENTAL CAR | | | | | | | | |
| TAXI/LIMOUSINE | | | | | | | | |
| HOTEL | | | | | | 321.14 | | |
| TIPS/IN FLIGHT EXP. | | | | | | | | |
| MEALS | B L D | B L D | B L D | B L D | B L D | B L D | B L D | |
| TOTAL MEALS | | | | | | | | |
| OTHER: | | | | | | | | |
| TOTAL TRAVEL | | | | | | 321.14 | | 321.14 |

| DATE | ENTERTAINMENT EXPENSES (COMPANY/PERSONS/PLACE/REASON): | |
|---|---|---|
| | Note: Original receipt lost - credit card bill attached | |
| | OTHER EXPENSES: | |
| | TOTAL EXPENSES ➤ | 321.14 |

ACCOUNTING USE ONLY

DISTRIBUTION OF EXPENSES BY PROJECT/CHARGE CODES

CIRCLE EXPENSE TYPE AND IF REIMBURSABLE BY CLIENT.

1. REG. BUSINESS TRAVEL/ENT. 3. RELOCATION
2. TRADE SHOWS/CONFERENCES 4. OTHER (Specify)

| 1 2 3 4 | 1 2 3 4 | 1 2 3 4 | 1 2 3 4 | 1 2 3 4 |
|---|---|---|---|---|
| REIMB. Y N | Y N | Y N | Y N | Y N |
| 321.14 | | | | |

LESS NON-REIMBURSEABLE EXPENSES
LESS ADVANCE
NET DUE EMPLOYEE

LOST RECEIPTS: TYPE: _____ AMT.: _____

UNUSED AIRLINE TICKETS ATTACHED: YES ☐ NO ☐

FOREIGN EXCHANGE RATE USED: COUNTRY: _____ AMT.: _____

ORIGINAL: ACCOUNTING COPY: EMPLOYEE

SUBMITTED BY — DATE 3/11/93

APPROVED BY — DATE

PER470/01
5/86

Make check payable to: **AT&T Universal Card**

| Account Number | Payment Due By | New Balance | Minimum Payment | Enter Amount Enclosed |
|---|---|---|---|---|
| 5396 5500 0914 1677 | 03/22/93 | $1,344.84 | $28.00 | $ . |

Please detach and return this coupon with your payment

Make changes to address and phone number below.
Address
City State
Home phone Business phone

3259 1013 29

THOMAS OFLAHERTY
411 WEST END AVE #2B
NEW YORK NY 10024-5722

**AT&T Universal Card**
P.O. Box 9999
Columbus, GA 31997-0001

5396550009141677000002800000134484 0

AT&T

**AT&T Universal Card**

For 24-hour customer service call 1 800 423-4343 toll-free.

Page 1 of 1

| Cardmember Name | Account Number | Credit Limit | Available Credit | Statement Date |
|---|---|---|---|---|
| THOMAS OFLAHERTY | 5396 5500 0914 1677 | $10,500 | $9,155 | 02/25/93 |

## AT&T Universal Gold MasterCard

### Transactions

| Post Date | Description | Transaction Date | Amount |
|---|---|---|---|
| 02/01 | FRENCH QUARTER CAFE ALEXANDRIA VA | 01/29 | 16.25 |
| 02/08 | LAGUARDIA PARKING Q3E JACKSON HGHTS NY | 02/04 | 12.00 |
| 02/08 | BLOOMINGDALE'S BC HACKENSACK NJ | 02/04 | 486.15 |
| 02/09 | B I ROSENHAUS & SONS I NEW YORK NY | 02/06 | 156.98 |
| 02/17 | COLISEUM BOOKS00000018 NEW YORK NY | 02/15 | 57.37 |
| 02/18 | TIED HOUSE CAFE & BREW MOUNTAIN VIEW CA | 02/17 | 16.90 |
| 02/18 | TIEN FU MT VIEW CA | 02/17 | 16.07 |
| 02/19 | PAYMENT RECEIVED - THANK YOU | 02/19 | 175.06 PY |
| 02/19 | SCOTT'S SEAFOOD GRILL PALO ALTO CA | 02/17 | 60.04 |
| 02/19 | AMERICAN INN MOUNTAIN VIE CA | 02/17 | 114.40 |
| 02/19 | SABRA* NEW YORK NY | 02/18 | 39.40 |
| 02/22 | PENINSULA BEVERLY HILL BEVERLY HILLS CA | 02/20 | 321.14 |
| 02/25 | SHOE BAZAAR 70170063 CLEARWATER FL | 02/23 | 48.14 |

### News from AT&T

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USE YOUR AT&T UNIVERSAL GOLD MASTERCARD AND TAKE ADVANTAGE OF SAVINGS OPPORTUNITIES AT PARTICIPATING MERCHANTS. SEE THE ENCLOSED GOLD MASTERVALUES INSERT FOR DETAILS.

**Finance Charge Information**

| | Purchases | Advances |
|---|---|---|
| Average Daily Balance $ | .00 | .00 |
| Monthly Periodic Rate % | 1.2417 | 1.2417 |
| Nominal APR % | 14.90 | 14.90 |
| Periodic Finance Charge $ | .00 | .00 |
| Finance Charge $ | | .00 |
| Cash Advance Fee | | |

| Annual Percentage Rate % | |
|---|---|
| No. Days in Billing Period | 27 |

**Minimum Payment**

| | |
|---|---|
| Payment Due By | 03/22/93 |
| Past Due Amount $ | .00 |
| Minimum Due | |
| Purchases Advances $ | 28.00 |
| Calling Card Charges + | .00 |
| Total Minimum Due $ | 28.00 |

Grace Period. To avoid additional finance charges on purchases, pay the new balance by the payment due date.

**Account Summary**

| | | |
|---|---|---|
| Previous Balance $ | | 175.06 |
| Payments | - | 175.06 |
| Credits | - | .00 |
| Purchases Fees | + | 1,344.84 |
| New Advances | + | .00 |
| Finance Charges | + | .00 |
| Calling Card Charges | + | .00 |
| New Balance $ | | 1,344.84 |

**See reverse side for important information.**

INPUT®

1280 Villa Street, Mountain View, CA 94041 (415) 961-3300
Fax (415) 961-3967

# FAX TRANSMITTAL FORM

Date: 3/16/93

Confidential: Y/N
Urgent: Y/N

To: Name: Joanne P.

Tel./Location:

Co.:

Fax No:

Page: 1 of 1

File: Chron
Contact
Other:

From: Renee

Subject: YA2 Andersen Custom "Group" fees

When we invoice Andersen if they need detail of the $14922.31 by item you will have to provide it to me. Westfield invoices do not go into much detail of what each invoice is for.

INPUT CORPORATION USA - 1993
TRANSACTION JOURNAL

| Account/Id | Date | Mo | Debits | Credits | Descriptions |
|---|---|---|---|---|---|
| 1430-XX-YNA20 | | 01 | .00 | | 1430-UNBILLED REIMURS TRAVEL, XX-BALANCE SHEET, YNA2 |
| GL.00045.00002.001 | 02-10-93 | 03 | 5,700.00 No proof though | 2057 | WESTFIELD MARKETING |
| GL.00045.00004.001 | 02-11-93 | 03 | 900.00 pass | 2057 | WESTFIELD MARKETING/ADEPT CONS. |
| GL.00045.00001.001 | 02-19-93 | 03 | 5,030.00 pass | 6340 | NEW YORK FOCUS |
| GL.00045.00003.001 | 03-02-93 | 03 | 2,202.31 pass. | 2065 | WESTFIELD MARKETING |
| GL.00045.00005.001 | 03-02-93 | 03 | 1,090.00 ? Dialog? or. | 2063 | WESTFIELD MARKETING |
| | Total | | 14,922.31 | .00 | |
| 1430-XX-YNA20 | | 03 | 14,922.31 | | 1430-UNBILLED REIMURS TRAVEL, XX-BALANCE SHEET, YNA2 |

ADM 341/02 1/92

# INPUT®

Atrium at Glenpointe, 400 Frank W. Burr Blvd., Teaneck, NJ 07666 (201) 801-0050
Fax (201) 801-0441

33228

## FAX TRANSMITTAL FORM

Date: 1/13

To: Name: Scott Morrison

Tel./Location: 507 5666

Co.: Andersen

Fax No: 312-507 2548

From:

Subject: Revised Proposal

Confidential: ~~Y~~/N
Urgent: Y/N

Page: 1 of 13

File: Chron
Contact
Other:

Need a Copy for Andersen

ADM 34 V05 1/92

# INPUT

Atrium at Glenpointe, 400 Frank W. Burr Blvd., Teaneck, NJ 07666 Tel. (201) 801-0050
Fax (201) 801-0441

January 13, 1993

Mr. Scott Morrison
Andersen Consulting
69 W. Washington St.
Chicago, IL 60602

Via fax: 312-507-2548

Dear Scott:

Attached is INPUT's revised proposal on Positioning Andersen Consulting in the Applications Management Market.

If you have any questions or comments, please call me.

Sincerely,

Thomas O'Flaherty
Vice President

A Revised Proposal for

# POSITIONING ANDERSEN CONSULTING IN THE APPLICATIONS MANAGEMENT MARKET

Submitted to:

**Andersen Consulting**

January 13, 1993

Submitted by:

**INPUT**

The Atrium at Glenpointe
400 Frank W. Burr Boulevard
Teaneck, New Jersey 07666
201-801-0050
Fax: 201-801-0441

# POSITIONING ANDERSEN CONSULTING IN THE APPLICATIONS MANAGEMENT MARKET

## I. BACKGROUND AND OBJECTIVES

Andersen Consulting is developing a positioning strategy for Applications Management services in the U.S. Applications Management is the provision of life cycle support for client applications, including specified levels of services and results. (This definition is essentially identical to the usage by INPUT in its Professional Services and Outsourcing Programs of syndicated research; see Appendix 1.)

Andersen needs answers to some fundamental questions affecting Applications Management in order to fully develop its strategy. Andersen issued an RFP on January 5, 1993 and has requested that INPUT propose a research approach to address these questions.

## II. SCOPE

[Note: This section is intended to include all of the issues raised in the Andersen RFP under "Research Objectives". In addition, INPUT has added or made explicit other issues, which in its opinion, are also important to understand; INPUT's additions should have no material impact on project time or expense. INPUT's additions are in italics. ]

The study should address the following issues:

- What is the size and expected growth of the Applications Management market *over the next five years?* How do these figures vary by type of application (new, legacy) and by platform (mainframe, mid-range and client/server)? *What are the overall forces driving -- or holding back -- this market?*
- What are the principal buyer values or requirements for using these types of services? *How do buyer values differ by buyer type, especially if the buyer is IS versus a functional department?*
- *What process is gone through -- and which units are involved -- to determine whether applications management or an alternative is to be explored? Are there vendor "short lists" and, if so, what are the criteria -- formal or informal -- for a vendor getting on them?* What is the decision-making process for awarding an Applications Management contract? How important are the different decision criteria, such as pricing versus, experience?
- Is the term "Applications Management" an appropriate one? *Do customers and prospects understand it? Is there a common understanding? Are there better or alternate terms?*
- Who are the major competitors? What is the market's awareness and perception of their capability, image, and credibility? How does Andersen compare (and differ)? How can Andersen leverage its standing in the market
- Are there significant differences in the above issues by industry (specifically products, financial services, state and local government, health care, telecommunications and utilities)?
- Is this a part of managing business functions

## III. METHODOLOGY AND CONDUCT OF THE WORK

INPUT agrees with Andersen's breaking the work into qualitative and quantitative segments:

- Qualitative: Four focus groups and five face-to-face interviews with CEOs.
- Quantitative: 180 telephone interviews.

In addition, INPUT would propose that overall market sizing and motivation draw on the analysis of Applications Management from INPUT's Outsourcing Program. (See material in Appendix 2.) This data would be further expanded and modified for the needs of this study.

### Phase 1: Qualitative

During this phase the issues in "Scope" (as well as others) will be thoroughly explored and understood. This will provide Andersen a good "feel" for marketplace needs and directions. It is unlikely that this phase will be sufficiently precise to develop numeric measures of size and direction.

INPUT suggests that the four focus groups be divided geographically (probably the New York City area and Los Angeles).

INPUT recommends that two of the focus groups be made up of IS executives and two be made up of function heads. (The overall totals for IS function heads will be approximately 50-50; Fortune 500-type firms will be recruited.)

- There will be more common ground to explore.
- More importantly, in many organizations the IS and functional executives are in conflict; in fact some of the opportunities and roadblocks involving Applications Management are because of these roadblocks. Because of this, INPUT believes that there will be a more open discussion if the "enemy" is not present.

INPUT recommends that Andersen's name not be associated with the research in either phase, in order to avoid respondent bias.

The focus groups will be videotaped and audiotaped. Audiotapes will not be transcribed.

INPUT will schedule seven face-to-face interviews. All of these will be conducted if their are no cancellations or rescheduling. INPUT recommends this safety margin when dealing with this level of executive. INPUT also believes that in some cases somewhat lower level executives may be substituted for the CEO on short notice; INPUT will review such substitutions with Anderson for approval. INPUT recommends that these interviews be accepted, given the very compressed timeframe of this study face-to-face. Interviews will be audiotaped, unless the respondent objects.

There will be a kick-off meeting in INPUT's office in Teaneck, NJ during the first week of the project. One of the purposes at that meeting will be to discuss the utility and feasibility of constructing one or more diagrams or charts to serve as interview aids during the qualitative and quantitative phases. Exhibit 1 is an analogous aid which was used to lead respondents through an otherwise very complex set of networking issues.

INPUT will prepare recruitment scripts and interview guides and Andersen will have an opportunity to review them.

INPUT will prepare a report which will be a summary of findings from the qualitative phase. In addition, the issue information from phase 1 will be used to design the questionnaire for phase 2.

INPUT will make a presentation of results to Andersen in Chicago.

**Phase 2: Quantitative Research**

Phase 2 will be a telephone survey of IS executives and function heads. This survey will have the following objectives:

To provide more structured information on decision-making and vendor assessments.

To provide quantitative data on selection criteria and vendor ratings.

To provide supplementary information to further adjust INPUT forecasts.

To provide industry breakouts.

INPUT recommends that 180 telephone interviews be conducted; this would allow for 30 interviews per industry, which would allow for conclusions to be drawn by industry.

- The interviews can be further segmented by company size within industry to provide a representative sample.
- Companies can also be classified by size groups across industries. A sample of 180 is not large enough to provide conclusions on company size within an industry (e.g., if an industry is divided into "large" and "medium" companies, a sample of 15 is not large enough for conclusions in most cases.)
- If it is important to understand size within industry issues, then the sample sizes should be increased to at least 25 companies per cell.

Interviews will be 20-30 minutes long.

INPUT will draft a questionnaire based on results from the qualitative phase. This will be reviewed with Andersen and tested.

Respondents identities will not be associated with specific answers (Andersen will be supplied with a list of companies interviewed and a distribution of titles). Andersen's sponsorship will not be revealed. As an incentive to take part in the study respondents will be supplied with a brief summary of the study's findings; this summary will not include sensitive material and will be reviewed with Andersen before release.

After the interviews have been completed, the results will be tabulated and a report prepared. A copy of the data diskette as well as copies of the actual completed questionnaires will be supplied to Andersen if requested, with respondent identifiers removed.

INPUT's report will contain data analysis, findings and recommendations. INPUT will also make a presentation of results to Andersen in Chicago.

In both phases, INPUT will report to Andersen daily on results of recruiting and interview distribution. All completed interviews will be subject to Andersen approval.

## IV. DELIVERABLES

In the course of this project Andersen will receive the following deliverables:

- Draft and final recruitment scripts for the focus groups and face-to-face interviews
- Draft and final focus group discussion guides
- Draft and final face-to-face discussion guides
- Audio and video tapes from focus groups (INPUT will keep copies also)
- Audio tapes from on-site interviews (assuming respondents approve)
- Preliminary and final reports from the qualitative phase
- Draft and final questionnaire
- Copies of the completed questionnaires, if desired (with identifiers removed)
- Data diskette with questionnaire data, if desired (with identifiers removed)
- Hard copy of questionnaire tabulations, if desired
- Preliminary and final reports for the quantitative phase
- Two presentations and related materials

# V. QUALIFICATIONS

INPUT is well-qualified to conduct this study. INPUT's qualifications fall into the following categories:

- INPUT's data and analysis on the Applications Management market.
- INPUT's prior work with Andersen.
- INPUT's experience in studies of this kind.
- The staff assigned to this project.

## A. INPUT's Data and Analysis on Applications Management

INPUT already provides extensive data on Applications Management and related services in its subscription programs covering Outsourcing, Systems Integration and Professional Services. Andersen is already a subscriber to these services. Appendix 2 summarizes these offerings.

The research and analysis which goes into these programs provides INPUT with an excellent foundation of knowledge which can be applied in this study for

- Developing focus group scripts and conducting the focus groups.
- Developing questionnaires, especially value lists.
- Assessing the competitive environment.
- Making recommendations

## B. Prior Work with Andersen

In the last six months INPUT has worked on (or is still working on) several studies for Andersen. Besides serving as references, this also provides INPUT with insight into Andersen's needs generally as well as particular issues, e.g., what Andersen defines as the "product" group.

Several years ago INPUT also worked on a study somewhat similar to this study. This work became part of Andersen's published report, "IS Management in the Year 2000". This research also called for high level interviews and subsequent analysis.

## C. INPUT's Experience in Projects of this Type

INPUT conducts about 100 custom research assignments a year, most of them involving primary research. INPUT has considerable experience in analyzing new and/or evolving markets and extracting useful conclusions for the client from the research process. Much of INPUT's research involves understanding the practices and motivations of key decision makers. Appendix 3 contains descriptions of several recent projects which involved interviewing key decision makers on changing markets.

INPUT's experience allows it to deal with a "fast track" project such as this.

## D. Project Staffing

The Project Director for this study will be Thomas O'Flaherty. Mr. O'Flaherty has directed recent projects for Andersen and will be a "hands on" project director. Mr. O'Flaherty will be able to draw on his experience in directing several hundred custom studies involving information services.

Other key members of the project team include:

- J.P. Richard, Vice President and Director of INPUT's Outsourcing Program. He will provide assistance in framing issues and preparing reports.
- John McGann, Principal Consultant. Mr. McGann has been the principal researcher on a variety of professional services reports and studies.
- Joanne Ponnwitz, Associate Consultant. Ms. Ponnwitz directs the research and analysis for many of INPUT's primary research projects.

They will be assisted by other INPUT staff as required. Their biographical summaries are attached in Appendix 4.

## VI. SCHEDULE

Andersen's desired schedule allows for almost no slippage or acts of God, such as snowstorms. INPUT believes that Andersen's needs would best be met by retaining February 22 as an internal date, but not promising the finished report until March 1. This would allow for slippage and probably produce a superior piece of analysis as well.

INPUT day-day-day schedule is shown below. In the qualitative phase especially, any slippage is unlikely to be made up.

| Date | Activity |
|---|---|
| Jan 18 | Contract award |
| Jan 19 | INPUT prepares focus group and face-to-face recruitment scripts; begins recruitment; sends scripts to Andersen for review |
| Jan ~~21~~ 18 | Kick-off meeting with INPUT and Andersen staff in Chicago |
| | Recruitment scripts modified if required; draft focus group and face-to-face discussion guides sent to Andersen. |
| Feb 9-<br>Feb 11<br>(approx) | Focus groups held (New York 2/9 and Los Angeles 2/11).<br>INPUT and Andersen will have an informal progress review |
| Jan 25-<br>Feb 12 | Face-to-face interviews conducted |
| Feb 11-<br>Feb 15 | Analysis of qualitative results |
| Feb 18 | Review of draft report for the qualitative phase with Andersen. (For purposes of time, INPUT prefers that this review takes place in INPUT's office in Teaneck, NJ.) |
| Feb 22 | Submission of final report for the qualitative phase. |
| | Submission of draft questionnaire to Andersen for review; begin testing questionnaire |
| | [Note: The questionnaire could be prepared a week earlier; however, this would interfere with the completion of the qualitative analysis and report preparation, for which there is little time slack.] |

| | |
|---|---|
| Feb 24-<br>Mar 12 | Telephone interviews conducted |
| Mar 5<br>(approx) | Progress review via conference call |
| Mar 10-<br>Mar 16 | Data cleansing, input and preliminary analysis. |
| Mar 17-<br>Mar 19 | Analysis and preparation of quantitative exhibits |
| Mar 24 | INPUT sends preliminary quantitative report to Andersen |
| Mar 26 | INPUT receives feedback from Andersen (via worksession or conference call) |
| Mar 31 | INPUT delivers final quantitative report |

## VII. FEES

INPUT's professional fee is broken into the following parts, per Andersen's request:

| | | |
|---|---|---|
| Qualitative Phase | $48,500 | |
| Out-of-pocket Expense | 15,000 | |
| Subtotal | | $63,500 |
| Quantitative Phase | $42,500 | |
| Out-of-pocket | 5,000 | |
| Subtotal | | $47,500 |
| **Grand Total** | | **$111,000** |

**Phase 1**

INPUT's professional fee for Phase 1 is $48,500.

One-half of INPUT's professional fee for the study ($24,250) is due and payable upon authorization of the study; the remainder at the time of the presentation of results.

Out-of-pocket expenses (telephone, production, and travel) are in addition to the professional fees and are not expected to exceed $15,000.

**Phase 2**

INPUT's professional fee for Phase 1 is $42,500.

One-half of INPUT's professional fee for the study ($21,250) is due and payable upon authorization of the study; the remainder at the time of the presentation of results.

Out-of-pocket expenses (telephone, production, and travel) are in addition to the professional fees and are not expected to exceed $5,000.

This proposal will remain valid for thirty days, unless extended in writing. Andersen Consulting can initiate the study by providing authorization in the blocks provided below.

## AUTHORIZATION

To authorize the project as specified, please sign and return one copy of this proposal, along with the initial fee. Upon acceptance by INPUT, a countersigned copy of the proposal will be returned to Andersen Consulting.

| AUTHORIZED BY: | ACCEPTED BY: |
|---|---|
| **Andersen Consulting** | **INPUT** |
| X Scott Morrison<br>Name | Name |
| Andersen Consulting<br>Title | Title |
| 1-18-93<br>Date | Date |

X Gianni Kapur
Name
1/18/93
Date

X Mark L Boggenpohl
Name
1-18-93
Date

YNAN 2

**MEMORANDUM**

**DATE:** February 10, 1993

**TO:** Scott Morrison, Andersen

**FROM:** Tom O'Flaherty, INPUT

---

1. Attached is a modified Focus Group Topic Guide. Changes:

   - Old question 9 moved to become new question 6
   - Old question 6 is dropped (already covered when going over definitions)

2. The "wall" definition has been typed and is attached.

3. Attached is a draft diagram showing what is included in Application Management and what is not included. I think the concept is a useful one for providing an overview to both functional and IS groups. Here are my thoughts on how it can be used:

   - When we agree on the diagram's composition, a handdrawn, wall version should be drawn. This would be gone over first -- to give people an overview as to what's in and what's out.
   - Then, the written definition can be reviewed for more detail on the "what's in" side.

   This will help us keep on track better, I think. It will still sometimes be all right to use analogies to items outside of Application Management; for example, when discussing vendor selection criteria, the same general criteria may be used now for some services now outsourced.

   This diagram will also help participants to think about whether Application Management can be (or should be) separable from other outsourced services.

   Some version of the diagram might also be useful for internal Andersen use, for example, when making the presentation of our findings.

4. To confirm the changes in recruiting for companies over $1 billion: If we find that a functional executive with the targeted title does not play an active role in outsourcing/application management, but delegates these responsibilities to someone else, the second person will become the recruitment target.

   Where these situations are encountered, they will be immediately reviewed with Andersen on a case by case basis. (We may have to collect additional information about one or both people to satisfy ourselves that the second person is in fact functionally oriented and not just an "IS person in disguise" (who works for a functional unit directly, rather than in central IS).

# PROJECT SCHEDULE

And Phase 2

Week

Quart

| Activity | Name | Act. Days | Factor | ESD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Questionnaire | TR | | | 1 | | | | | | | | | | | | | | |
| 180 @ LT @ 80 = 15k | * | | | 9 | | | | | | | | | | | | | | |
| Supervision | JP | | | 4 | | | | | | | | | | | | | | |
| Data input set up | JP | | | 1 | | | | | | | | | | | | | | |
| Data input | * | | | 1½ | | | | | | | | | | | | | | |
| Data An | JP | | | 2 | | | | | | | | | | | | | | |
| " " | TR | | | 3 | | | | | | | | | | | | | | |
| Rpt Prep | TR | | | 3 | | | | | | | | | | | | | | |
| Client Contact | TR | | | 2 | | | | | | | | | | | | | | |
| Presentation | TR | | | 1 | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| * Contractors | | | | 20½ | | | | | | | | | | | | | | |
| TOTAL PLAN SR. | | | | | | | | | | | | | | | | | | |
| TOTAL PLAN RA | | | | | | | | | | | | | | | | | | |
| TOTAL PLAN ESDs | | | | | | | | | | | | | | | | | | |

Proj. Code: _____ Proj. Name: 424 Prepared by: _____

Proj. Manager: _____ Date: _____

# PROJECT SCHEDULE

Add - Qual Phase 1

Week

| Activity | Name | Act. Days | Factor | ESD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Int Guides prep | TP | | | ½ | | | | | | | | | | | | | | |
| Kick-off mtg | TP | | | 1 | | | | | | | | | | | | | | |
| Westfield interface | JP | | | 2 | | | | | | | | | | | | | | |
| Arrange face to face | McS | | | 3 | | | | | | | | | | | | | | |
| Do face to face 5-7 | Sr | | | 5 | | | | | | | | | | | | | | |
| Attend Focus Group | Sr | | | 2 | | | | | | | | | | | | | | |
| Analyze Qual | Sr | | | 3 | | | | | | | | | | | | | | |
| Rpt draft | TP Sr | | | 3 | | | | | | | | | | | | | | |
| Review w/ Aud | | | | 1½ | | | | | | | | | | | | | | |
| Prepare Final | | | | 1 | | | | | | | | | | | | | | |
| Present | | | | 1 | | | | | | | | | | | | | | |
| | | 1.6 x | | 23 | | | | | | | | | | | | | | |
| | | | 37 kt | 10 | | | | | | | | | | | | | | |
| TOTAL PLAN SR. | | | | | | | | | | | | | | | | | | |
| TOTAL PLAN RA | | | | | | | | | | | | | | | | | | |
| TOTAL PLAN ESDs | | | | | | | | | | | | | | | | | | |

Proj. Code: _____ Proj. Name: ~~$5k~~ $ 47 fee Prepared by: _____

Proj. Manager: _____ Date: Exp Westfield 10k

PROJECT WORK STATEMENT (Management Market

TITLE Andersen Position in Applications 1

CLIENT Andersen Consulting

CONTRACT: ATTACHED ✓ TO FOLLOW ____ LETTER ✓ VERBAL ____

PROJECT LEADER TR PROJECT CODE YNAN2

DATE STARTED 1/18/93 PLANNED COMPLETION DATE 4/15/93

LEVEL OF EFFORT(Professional Man Days) 57

TOTAL CONTRACT VALUE: $ or ~~£~~ $91,000

REVENUE DISTRIBUTION (% or $) INPUT US 100 INPUT LTD ____

REIMBURSABLE EXPENSES: NO ____

YES X

EXP. BUDGET 20,000 TO COVER: TRAV: ✓

TELE: ✓

RPT. PREP.: ✓

OTHER: ____

BILLING SCHEDULE DESCRIPTION per proposal

PROJECT DESCRIPTION "Qualitative" phase (focus groups & on-site interviews) followed by "quantitative" phase of telephone interviewing

INDICATE TYPE OF WORK: REPORT ✓ PRESENTATION ✓

THANK YOU PACKAGE: YES ✓ NO ____

ACCOUNTING USE ONLY: ENTERED ON CURRENT PROJECT LIST ____

DISTRIBUTI

CONTRACT FILE

LIBRARY FILE

NEW JERSEY

INPUT LTD.

Originator

SHEILA (Y&Z on

BINDER COPY

Date Typed

INPUT

| | Person Days | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | February | | | | Year | | | |
| | Actual | ESMD | Accomplish | Plan | Actual | ESMD | Accomplish | Plan |
| 100 O'Flaherty, Tom | 5.7 | 5.7 | 4.9 | 0.0 | 5.9 | 5.9 | 5.2 | 0.0 |
| 414 Ponnwitz, Joanne | 1.5 | 1.1 | 1.1 | 0.0 | 3.1 | 2.3 | 2.3 | 0.0 |
| 753 WN for USA 100% Senior | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 |
| 816 Westfield Marketing | 6.3 | 6.3 | 6.3 | 0.0 | 6.3 | 6.3 | 6.3 | 0.0 |
| 20 Program Research | 14.4 | 14.1 | 13.3 | 0.0 | 16.3 | 15.5 | 14.7 | 0.0 |
| 441 Wade, Calvin | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| 452 Nguyen, Lynette | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| 559 Boyle, Joanne | 0.3 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 |
| 809 Norman Temporaries | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 |
| 60 Report Production | 0.5 | 0.0 | 0.0 | 0.0 | 0.9 | 0.0 | 0.0 | 0.0 |
| YA-2.. Custom - Anderson | 14.9 | 14.1 | 13.3 | 0.0 | 17.2 | 15.5 | 14.7 | 0.0 |

Presentation

# Application Management

## Exploratory Research:

## Qualitative Findings

April 7, 1993

INPUT

The Atrium at Glenpointe
400 Frank W. Burr Boulevard
Teaneck, New Jersey 07666

201-801-0050
Fax: 201-801-0441

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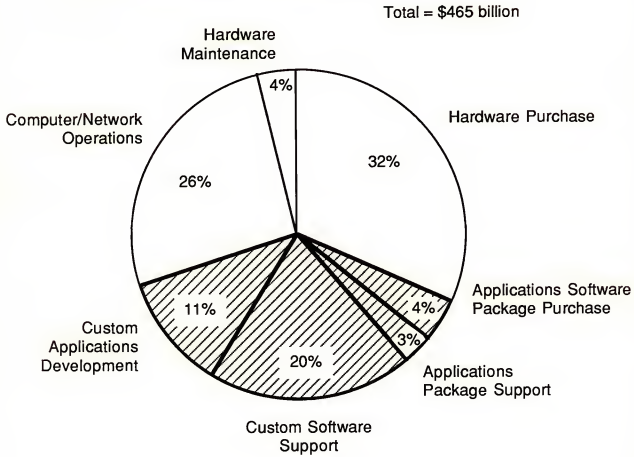
# APPLICATION MANAGEMENT PRESENTATION OUTLINE

- The Opportunity
- Study Objectives
- Study Methodology
- Application Management: What is it?
- Executive Involvement in Application Management
- Application Management Payoff
- Current Sources of Application Management
- Vendor Selection Criteria
- Vendor Recognition and Assessment
- Summary

# THE APPLICATION MANAGEMENT OPPORTUNITY

- Applications-related expenditures are large
- Vendor penetration varies significantly, and is especially low in software support
- IS budgets are flat
- Functional departments are assuming greater control over applications

## Selected U.S. IT Expenditures (1992)

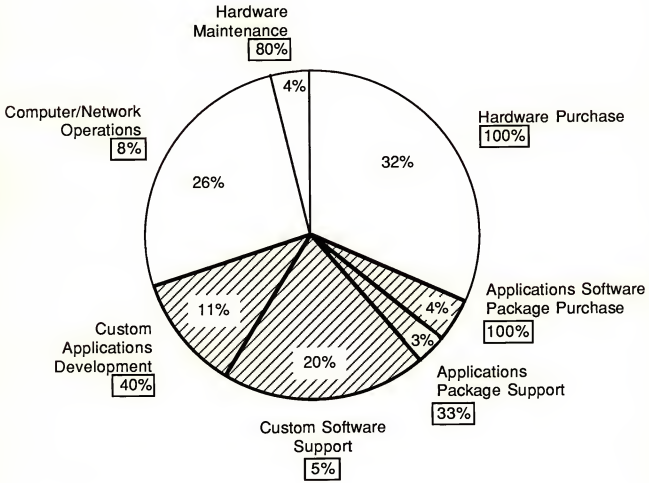



= Applications-related expenditure

Excludes: Non-application software, processing services, facilities and communications costs

YA2.2
3/93

## Selected U.S. IT Expenditures and Percent Held by Vendors




% = Percent of revenue held by by vendors

= Applications-related expenditure

Excludes: Non-application software, processing services, facilities and communications costs

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## Selected U.S. Information Systems/Services Expenditures by Supplier (1992)

| | Expenditures by Supplier ($ Billion) | | | | |
|---|---|---|---|---|---|
| | In-House | Vendor | Total | | Vendor % |
| **Applications-Related** | | | | | |
| • Applications Packages | 0 | $20 | $20 | (4%) | [100%] |
| • Applications Package Support | 10 | 5 | 15 | (3%) | [30%] |
| • Applications Development Custom | 30 | 20 | 50 | (11%) | [40%] |
| • Custom Application Support | 85 | 5 | 90 | (20%) | [5%] |
| **Hardware Related** | | | | | |
| • Hardware Purchase | 0 | 150 | 150 | (32%) | [100%] |
| • Maintenance | 4 | 16 | 20 | (4%) | [80%] |
| • Operations | 110 | 10 | 120 | (26%) | [8%] |
| TOTAL | $239 | $226 | $465 | (100%) | [49%] |

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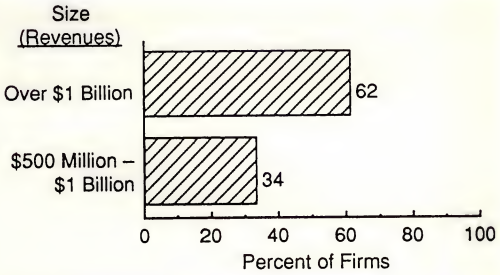
# USER DEPARTMENTS WITH MORE APPLICATIONS DECISION MAKING THAN IS




Source: Interviews with 67 IS departments

# STUDY OBJECTIVES

- Receptivity to service
- Receptivity to name ("Application Management")
- How is application management supplied now? Future?
- Vendor recognition
- Differences between functional management and IS management

# STUDY METHODOLOGY

- Focus groups
  - Functional executives (two groups)
  - IS executives (two groups)
- One-on-one interviews
- Structured topic guide (in synch with outline)
- Industry focus
  - Manufacturing
  - Financial services
  - Telecommunications
  - Retail/wholesale
  - Hospitals
- Generally, over $500 million in sales (or equivalent)
- Functional: Executive management and their direct reports
- IS: CIO or equivalent

# DIVISIONS BETWEEN APPLICATION MANAGEMENT AND OTHER PRODUCTS/SERVICES

| Application Management | | Other Products/Services |
|---|---|---|
| Packaged software maintained/enhanced in-house or by a third-party vendor | Acquiring packaged software | Packaged software maintained/enhanced by the software vendor |
| Custom software maintained/enhanced in-house or by a vendor | Producing custom software | |
| | Application-related training | |
| | Help desk | |
| | | Vendor-provided business or processing services (e.g., payroll, mortgage processing, credit card processing, EDI) |
| | | Vendor outsourcing of data center or network operations |

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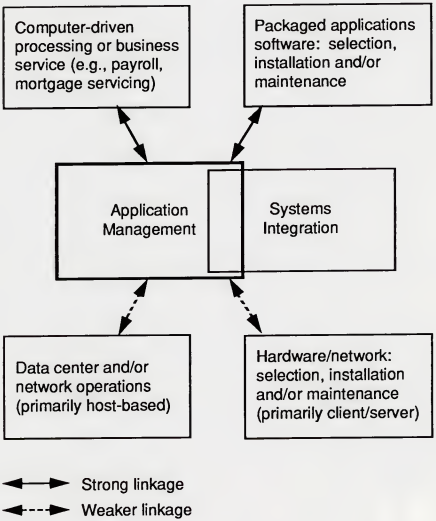
# APPLICATION MANAGEMENT: WHAT IS IT?

- Executives are receptive to the concept of Applications Management
  - Functional executives see Application Management as a type of outsourcing
  - IS executives are nominally open to the concept, but are actually quite defensive

# APPLICATION MANAGEMENT: WHAT IS IT? (Cont.)

- Generally, Application Management does <u>not</u> seem a naturally cohesive set of functions for both functional executives and IS executives.
  - Application Management is seen as overlapping or linked to other IS-oriented services and solutions

## Application Management Linkages



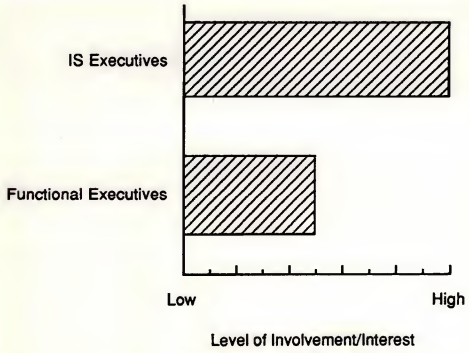
# APPLICATION MANAGEMENT: WHAT IS IT? (Cont.)

- Executives are not responsive to "Application Management" as a term.
  - "Application Management" summons up few images.
  - Executives have few alternatives to offer.

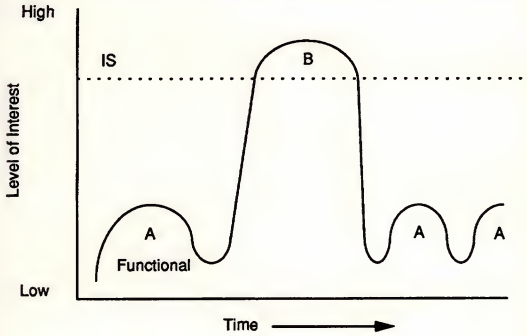
# INVOLVEMENT IN APPLICATION MANAGEMENT: FUNCTIONAL AND IS EXECUTIVES

- Functional executives: Episodic involvement
  - Generally low level of ongoing involvement
    - -- Delegate responsibilities inside department; and/or,
    - -- Share responsibilities with or rely on IS
  - Higher level of involvement if there is an immediate problem/opportunity and/or if the functional executive has an IS background or a strong interest in IS.
- IS executives' position is more straightforward: "It's my job".

# APPLICATIONS MANAGEMENT: LEVELS OF INVOLVEMENT/INTEREST



# APPLICATION MANAGEMENT: TYPICAL LEVEL OF INTEREST/ INVOLVEMENT IN AN ENTERPRISE




A = Change/problem in existing application
B = Application-related opportunity

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# APPLICATION MANAGEMENT PAYOFF

- For functional executives:
  - Keep business running
  - Secondarily, make significant improvements
- For IS executives: Keep jobs
- Order of magnitude improvement?
  - No immediate perception
  - Contrast to SI or computer systems outsourcing

# SOURCES OF APPLICATION MANAGEMENT

- IS as supplier is still the rule

- Executives provided few examples of "pure" application management
  - "Body shop" maintenance
  - Processing services
  - SI plus follow-on

- Both kinds of executives see vendors as credible suppliers of application management services.

# VENDOR SELECTION CRITERIA

- Critical elements (for both functional Executives and IS executives)
  - Industry/applications knowledge
  - Cost
  - Vendor stability
- Additional criteria from IS executives
  - Quality of people assigned to project
  - Technical expertise

# VENDOR RECOGNITION AND ASSESSMENT

- Unassisted recall
- Based on overall SI/professional services image
- Mainly direct experience;
  Some second-hand experience

# THREE TIERS OF RECOGNITION

| Level of Identification | Vendors |
|---|---|
| 1. Strong | Andersen, EDS |
| 2. Weaker, but widespread | IBM |
| 3. Blurred, fragmentary | Other Big 6 |
| | DEC |
| | CSC |
| | Specialists |

# APPLICATION MANAGEMENT STRENGTHS AND WEAKNESSES

| | Andersen | EDS | IBM |
|---|---|---|---|
| Strengths | · People<br>· Industry knowledge | · Industry knowledge<br>· Ability to deliver | · Resources |
| Weaknesses | · Cost<br>· Youth | · Cost<br>· FM image | · Industry knowledge<br>· Inflexibility<br>· Mainframe/ hardware reputation<br>· Size/ responsiveness |

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# SUMMARY

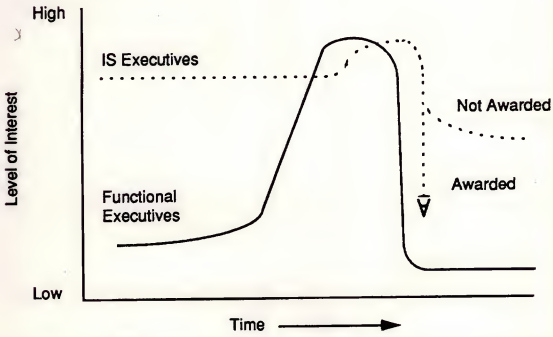
- The application management opportunity is coming into focus.

- Andersen Consulting is well-positioned to be a supplier.

# SUMMARY Cont.

- Application Management is not clearly defined in buyers' minds.
  - Application management pieces are being performed, but usually not as an explicit whole.
  - Buyers also see application management as part of a larger selection of offerings.
- The payoff to application management is not well-visualized nor is it financially-driven (in contrast, for example, to systems operations outsourcing).
- Mid-level specifiers and gatekeepers in functional departments appear to be key to allowing vendors access to application management opportunities.
- IS is often well-placed to block vendors.

# DATA CENTER OUTSOURCING: TYPICAL LEVEL OF INTEREST/ INVOLVEMENT IN AN ENTERPRISE






INPUT

Westfield
Marketing
Resources, Inc.

234 W. Dudley Avenue
Westfield, NJ 07090
Phone: (908) 654-0200
Fax: (908) 654-0290

# INVOICE

March 2, 1993

Mr. Thomas O'Flaherty
Vice President
INPUT
Atrium at Greenpointe
400 Frank W. Burr Blvd.
Teaneck, NJ 07666

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Invoice Number 2063

Focus Groups for Andersen Consulting (YNAN2)

| | |
|---|---|
| Researching and acquiring lists of potential attendees | $ 300 * |
| Incremental cost of rescheduling two groups | |
| Additional recruiting for participants who could not reschedule | |
| Researching and scheduling new facility, food and filming | $ 600 |
| Obtaining names for individual interviews (19) | $ 190 * |

billable expense (pass through)

For professional services rendered — Total $1090

* In-bounded expense

ok to pay
3/4/93

INFOLINK
PO Box 306
Montrose, NY 10548-0306
(914) 736-1565
FAX (914) 736-3806

Invoice submitted to:

Ms. Joanne Ponnwitz
INPUT
Atrium at Glenpointe
400 Frank W. Burr Boulevard
Teaneck, NJ 07666

INVOICE #93024

February 9, 1993

SUBJECT: ANDERSEN FOCUS GROUP LIST FOR WESTFIELD MARKETING RESOURCES

| | Amount |
|---|---|
| Total time | |
| PROJECT FEE | 1,575.00 |
| Total costs | $1,575.00 |

PAYMENT IS DUE IN TWENTY DAYS.

2/17/93
YA2